84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2259

IMPLEMENTING SECTION 25 (B) OF THE ORGANIC ACT OF GUAM BY CARRYING OUT THE RECOMMENDATIONS OF THE COMMISSION ON THE APPLICATION OF FEDERAL LAWS TO GUAM

JUNE 4, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ENGLE, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 11522]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 11522) to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION OF THE BILL

H. R. 11522, introduced by Congressman O'Brien of New York as a "clean bill" following committee consideration of predecessor legislation, has as its purpose the implementation of section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes.

HISTORY OF THE LEGISLATION

Guam, Mariana Islands, a bastion of United States defense in the western Pacific, has been an American possession since 1898, following the Spanish-American War. The naval government of Guam was established on August 10, 1898, and ceased to exist on July 1, 1950, when the present civil government under the Department of the Interior was created. Guam's present status as an organized unincorporated territory of the United States was established in 1950 with the enactment of the Organic Act of Guam, Public Law 630, 81st Congress (64 Stat. 384, 48 U. S. C. 1421 et seq.). Inasmuch as

the civil government has now been created and United States citizenship has been extended to the Guamanians, it is of importance that Guam now receive treatment comparable to other territories under Federal law.

Pursuant to section 25 (b) of the Organic Act of Guam the Commission on the Application of Federal Laws to Guam filed its report with the House Committee on Interior and Insular Affairs on July 30, 1951. This report listed statutes of the United States not applicable to Guam which should be made applicable, as well as a number which are applicable but should be declared inapplicable. Prior to submitting the executive communication in the 83d Congress which preceded this legislation, the Department of the Interior discussed the statutes with the respective executive agencies responsible for their enforcement.

Rather than introducing bills covering each individual subject it was felt desirable to include a number of them in the omnibus bill under consideration. H. R. 6254 was introduced by Congressman Engle, upon which departmental reports were subsequently filed. Amendments suggested at preliminary Subcommittee on Territories hearings and by the various departments were incorporated into H. R. 9216, and finally into H. R. 11522, as reported. A somewhat similar bill, H. R. 10131, was introduced by Congressman Miller of Nebraska during the 83d Congress. Hearings were held on this bill in Guam in December 1954, by the Subcommittee on Territories and Insular Affairs. Numerous subcommittee hearings have been held on the legislation under consideration during the present session of Congress.

Purpose of the Bill

EDUCATIONAL PROVISIONS

H. R. 11522, as amended, provides the extension of several statutes of significant importance to Guam. Chief among them are those concerning aid to public education (secs. 9, 10, 11, and 16), aid to public health (secs. 16, 18, and 19), control of narcotics, opium, and marihuana (secs. 12, 13, and 14). It provides also for the adjustment of the Governor's salary (sec. 20). The section referring to the District Court of Guam has been deleted and introduced as a separate bill (H. R. 10630), and reported (H. Rept. 2218).

By section 9 Guam would be entitled to share in the provisions of the Vocational Education Act of 1946 (60 Stat. 775). At present, residents of all the States and Territories with the exception of Guam and American Samoa are eligible for the benefits provided by this act. Currently about 12,000 alien workers, mostly Filipinos, are in Guam to engage in skilled trades with Government contractors and, to a minor extent, in private industry. Rather than continue to rely on recruiting skilled craftsmen through importation, it seems advisable to establish a vocational training school in conjunction with the Guam public-schools system to train Guamanians in the required skills. Section 9 of this bill would make such training possible.

Section 10 provides that Guam would be entitled to its appropriate share of Federal funds available for assistance for schools in areas affected by Federal activities. Public Law 874, 81st Congress, as amended by Public Law 248, 83d Congress, provides for grants for meeting administrative costs to school districts which have sustained

diminished revenues as a result of Federal acquisitions of real property and of increased school enrollments attributable to Federal activities. Inasmuch as 70 of Guam's 217 square miles (35.5 percent) are owned by the Federal Government, Guam is thus tax-free. Since presently 2,891 pupils (25 percent) of Guam's total public-school enrollment of 11,363 are children of members of the Armed Forces stationed on Guam or children of employees of other Federal agencies operating on Guam, the extension of Public Law 874, 81st Congress, is justifiable.

Section 11 provides that Guam would be entitled to assistance in school construction under Public Law 815, 81st Congress, as amended, in cases where the need is caused by the influx of children of persons employed in Federal activities. During World War II nearly all of Guam's school buildings were demolished. Thus far the territory has been financing its own school construction, but its economy is becoming strained so severely that it is almost impossible to continue doing so. Much dissatisfaction has been expressed by members of the Armed Forces as well as the Guamanians over the very crowded and poor physical conditions of the school buildings.

Both Public Law 874 and Public Law 815 presently apply to all States and to the Territories of Hawaii and Alaska, the Virgin Islands, and the Commonwealth of Puerto Rico.

Section 16 would extend to Guam the provisions of Public Law 565, 83d Congress (the Vocational Rehabilitation Act) which do not presently apply. Under existing statutes there are three kinds of Federal grants: Grants for vocational rehabilitation services; grants to aid projects for the extension and improvement of vocational rehabilitation services; and grants to public and nonprofit agencies to assist in meeting the cost of research and other projects. Only grants in the third category apply to Guam at present. Guam has a number of physically handicapped civilians who need to be vocationally guided and trained to become self-supporting or to be retrained vocationally.

Public Law 565 applies in toto to Hawaii, Alaska, Puerto Rico, and the Virgin Islands but only in part to Guam.

NARCOTICS, OPIUM, AND MARIHUANA PROVISIONS

Sections 12, 13, 14, and 15 relate to narcotics, opium, and marihuana control on Guam. Section 12 amends the Internal Revenue Code in order to give the Governor of Guam administrative authority to enforce the Harrison Antinarcotic Act in Guam. The Harrison Antinarcotic Act levies two taxes which assist in regulating the use of certain narcotic drugs. The first is a tax on the importer, manufacturer or producer, and the second a tax upon drug users such as doctors, research workers, retailers and others. The act is now applicable to Guam but there is no clear means for enforcement. Section 12 provides that enforcement of this act would be performed by Territorial officers, and the proceeds of taxes collected would be covered into the Territorial treasury.

Section 13 amends the Internal Revenue Code of 1954 by extending the Smoking Opium Act of 1914 to Guam. This act imposes a $300 per pound tax upon all opium produced in the United States and requires all manufacturers of opium for smoking to post a bond in an amount of at least $100,000 with the Internal Revenue Service. The statute carries no provision concerning its Territorial application and

it is doubtful that it now applies outside the continental United States. Because of Guam's proximity to the Orient it is desirable that the act be extended to the Territory.

Section 14 makes the Marihuana Tax Act of 1937 inapplicable to Guam. This act imposes an annual tax in the nature of a registration fee upon importers, manufacturers, doctors, research workers, and others using marihuana, and it also imposes a transfer tax upon the transferee with respect to sales, exchanges, and gifts of marihuana. The statute applies to Guam as well as to other Territories. When the Marihuana Tax Act was enacted it was assumed that there were legitimate medical needs for the drug. Since it has developed that there are no legitimate needs this section makes the law inapplicable to Guam. The Marihuana Tax Act has the effect of legitimatizing dealings in marihuana and since no legitimate needs exist, it is desirable to make the statute specifically inapplicable.

Section 15 specifically prohibits the production, manufacture, sale or importation of marihuana in Guam and enumerates fines and sentences that may be imposed on violators. There is no existing general law on this subject but a statute comparable to this section has been enacted for the Canal Zone. With the enactment of section 14 above, making the Marihuana Tax Act inapplicable to Guam, it is important also to enact this companion section 15, thus making it a criminal offense to deal in marihuana in Guam.

PUBLIC HEALTH PROVISIONS

Section 18 amends section 314 of the Public Health Service Act (58 Stat. 682, 693), as amended (42 U. S. C. sec. 246), to make said section 314 (and appropriations thereunder) applicable to Guam in the same manner as it now applies to the States and other United States Territories and possessions. This section will permit Guam, with the approval of the Surgeon General, to use its allotments under the various subsections of section 314 for any one or more of the purposes specified in these subsections instead of limiting the use of each allotment to the particular subsection under which it was made. The purpose of this amendment to the Public Health Act is to permit necessary flexibility in the use by Guam of grants for public health. The Public Health Service Act is now generally applicable to Alaska, Hawaii, Puerto Rico, and the Virgin Islands, and some of its provisions apply to Guam as well. This section will place Guam in the same category as the other Territories and the Commonwealth of Puerto Rico.

Section 19 amends section 631 of the Public Health Service Act (42 U. S. C. sec. 291i (a)), to make Guam eligible to share in the benefits of the hospital and medical facilities construction programs authorized under title VI of the Public Health Service Act on the same basis as if it were a State. For allotment purposes, however, Guam would be treated in the same manner as the Virgin Islands, i. e., its allotments would be determined without regard to the statutory dollar minimums which apply to States, the District of Columbia, Alaska, Hawaii, and Puerto Rico. This section provides that the allotment percentage applicable to Guam will be the same as that of Puerto Rico and the Virgin Ilsands, i. e., 75 percent, as compared with 50 percent for Hawaii and Alaska and within a range of 33⅓ to 75 percent applicable to States.

GOVERNOR'S SALARY PROVISION

Section 21 of H. R. 11522 amends section 26 of the Organic Act of Guam to provide that the salary of the Governor of Guam shall be related to the Executive Pay Act of 1949. This provides that the Governor will be paid an annual salary of $15,000, a sum equivalent to that paid to the Governor of the Virgin Islands. The Governor of Guam presently receives $13,125 per annum.

GOVERNMENT COMPTROLLER

Inasmuch as the Organic Act of Guam provides that all revenues from the Federal income tax collected on Guam shall be covered into the Territorial treasury, the committee members take this opportunity to request that the Department of the Interior transmit by January 1, 1957, the Department's views and recommendations on the desirability of amending the Guam Organic Act to provide for the appointment of a Government Comptroller to supervise the collection and expenditure of Government funds, as is presently provided in the administration of the Virgin Islands.

SECTIONAL ANALYSIS OF H. R. 11522

1. Section 1 provides technical amendments to the Federal Seed Act.

The Federal Seed Act is now generally applicable to Guam and was apparently intended by its drafters to be entirely applicable. It provides standards for the labeling and advertisement of seeds in interstate commerce, all of which now apply to Guam. It also imposes restrictions concerning the importation into the United States of adulterated seeds. Although the definitions of interstate and foreign commerce carried in the act are sufficient to comprehend Guam, the definition of "the United States" is not. Additionally, definitions of "weed seeds" and "noxious weed seeds" do not include Guam. These exclusions probably result from an oversight in drafting. The proposed amendments therefore principally have the effect of removing internal inconsistencies as the statute is now written.

2. Section 2 makes specifically applicable to Guam the National Bank Act and all other acts of Congress relating to national banks.

The National Bank Act and related laws specify the procedure to be followed in the organization of a national bank. They set forth provisions covering a wide range of subjects, such as the issuance and redemption of notes, lawful reserves, bank examinations, and dissolution and receivership. The national banking laws may now apply to Guam, but their application is uncertain, in part because it was considered necessary to extend the laws specifically to the Virgin Islands which occupies the same legal status. To remove any question, the laws should be made applicable to Guam in the same manner as they were made applicable to the Virgin Islands (12 U. S. C., sec. 40). Section 2 accomplishes this result.

3. Section 3 extends the Federal Deposit Insurance Act to Guam, and would have the incidental effect of allowing banks in Guam to become members of the Federal Reserve System.

The Federal Deposit Insurance Act, which provides insurance for State and national bank deposits, is now applicable to the States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. Section 3

extends its provisions to Guam. Since national banks which are members of the Federal Reserve System are required to have their deposits insured (12 U. S. C., sec. 1814 (b)), and since such insurance is not available to banks in Guam, it follows that Guam banks cannot now become members of the Federal Reserve System. They could qualify, however, if the Federal Deposit Insurance Act were extended to Guam.

4. Section 4 extends the act of March 9, 1945, relating to the regulations of insurance, to Guam.

The act of March 9, 1945, declares that the regulation and taxation of the insurance business by the States is in the public interest and that the States should continue such regulation. The statute was enacted in 1945 to clarify confusion which arose as a result of the Supreme Court's decision in the Southeastern Underwriters case. Prior to that decision, the business of regulating insurance had been considered a proper subject of local law, but the Court held therein that it was interstate commerce and therefore subject to the Sherman and Clayton Acts. The 1945 statute in effect reversed the Court's decision and returned the business of regulating insurance to the States, a term defined to include Alaska, Hawaii, and Puerto Rice.

5. Section 5 extends to Guam the act of June 3, 1948, relating to the transfer of roads.

The act of June 3, 1948, provides that the Secretary of the Interior may convey to any State or to one of its political subdivisions all of the United States right, title, and interest in any road leading to any national cemetery, military park, historical park, etc., if the State or subdivision is willing to accept and maintain the road. The 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands are presently covered by the act. The proposed amendment adds Guam. It is a matter of only academic interest in Guam at this time, for there are no national cemeteries or parks in the territory.

6. Section 6 extends to Guam the act of June 23, 1936, relating to cooperative studies of public parks and recreational area programs.

The act of June 23, 1936, authorizes cooperative studies by the National Park Service and the States of the public park, parkway, and recreational area programs of the States for the purpose of developing more adequate park programs. The 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands are presently covered by the act. The proposed amendment adds Guam.

7. Section 7 extends to Guam the Wildlife Restoration Act. The Wildlife Restoration Act provides grants-in-aid for the construction, establishment, and maintenance of wildlife restoration projects. Such projects include the selection, restoration, rehabilitation, and improvement of areas of land of water adaptable as feeding, resting, and breeding places for wildlife. The act is now applicable to the States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. The appropriation provision carried in the act authorizes a maximum of $10,000 annually for the Virgin Islands, with a like amount for Puerto Rico. The amendment extends the act to Guam and also authorizes a $10,000 appropriation annually for that territory.

8. Section 8 extends to Guam the Fish Restoration Act.

The Fish Restoration Act requires the Secretary of the Interior to cooperate with State fish and game departments in connection with fish restoration and management projects and to make payments to

assist projects designed for the restoration and management of fish which are of value in connection with sport or recreation. The act applies to Alaska, Hawaii, Puerto Rico, and the Virgin Islands, and the amendment also makes it applicable to Guam. The appropriation provision carried in the act authorizes a maximum of $10,000 annually for the Virgin Islands, with a like amount for Puerto Rico. The amendment extends the act to Guam and also authorizes a $10,000 appropriation annually for that territory.

9. Section 9 extends the Vocational Education Act to Guam.

The Vocational Education Act of 1946 and related statutes provide Federal grants-in-aid to the States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands in four fields of vocational education: Agriculture, home economics, trades and industries, and the distributive occupations. Under existing law, the Federal grant to each eligible jurisdiction must be at least $135,000 per year, to be matched by the recipient, except in the case of the Virgin Islands which is authorized to receive no more than $40,000. The amendment extends the law to Guam and would authorize an appropriation of not more than $80,000 annually for vocational education in Guam, such sum to be matched by Guam. The amendment for Guam, like that in 1950 for the Virgin Islands, is tailored to meet Guam's particular needs. The Commissioner of Education could, for example, modify the amounts granted in the four categories above listed to meet special conditions in Guam.

10. Section 10 makes applicable to Guam Public Law 874 of the 81st Congress, which provides Federal financial assistance for schools in areas affected by Federal activities.

Public Law 874, as amended, is designed to provide Federal aid to school districts which have sustained diminished revenues as a result, for example, of Federal acquisitions of real property and of increased school enrollments attributable to Federal activities. The Federal grant is for the purpose of meeting administrative costs. The authorization for grants under this statute will expire on June 30, 1957, unless extended. Legislation is pending for its extension. The statute now applies to Alaska, Hawaii, Puerto Rico, the Virgin Islands, and Wake Island. Section 10 extends it to Guam.

11. Section 11 makes applicable to Guam Public Law 815 of the 81st Congress, relating to school construction.

Public Law 815, as amended, provides Federal grants for school construction to school agencies which are financially burdened as a result of increased Federal activities. Applications must be filed, under existing law, by June 30, 1956, and the authorization will expire on June 30, 1957, but legislation is pending to extend these dates. The statute now applies to Alaska, Hawaii, Puerto Rico, and the Virgin Islands. This section extends the statute to Guam.

12. Section 12 authorizes local enforcement of the Harrison Antinarcotic Act in Guam by Territorial officers.

The Harrison Antinarcotic Act levies two taxes which assist in regulating the production and use of certain narcotic drugs. The first is a tax on the importer, manufacturer, or producer, and the second a tax upon users of such drugs, such as doctors, research workers, retailers, and others. The act is now applicable to Guam, but there is no clear means for enforcement. Section 12 provides that in Guam enforcement will be performed by territorial officers and the proceeds of taxes collected would be covered into the territorial treasury.

13. Section 13 makes applicable to Guam the Smoking Opium Act of 1914.

The Smoking Opium Act imposes a tax of $300 per pound upon all opium produced in the United States, and requires all manufacturers of opium for smoking to post a bond in an amount of at least $100,000 with the Internal Revenue Service. The statute carries no provision concerning its territorial application and it is doubtful that it now applies outside the continental United States.

14. Section 14 makes inapplicable to Guam the Marihuana Tax Act.

The Marihuana Tax Act, enacted in 1937, imposes an annual tax, in the nature of a registration fee, upon persons dealing in marihuana (such as importers, manufacturers, doctors, and research workers), and it also imposes a transfer tax upon the transferee with respect to sales, exchanges, and gifts of marihuana. The statute applies to Guam, as well as to the other territories. When the Marihuana Tax Act was enacted, it was supposed that there were legitimate medical needs for the drug. It has since developed that there are not, and section 14 would therefore make this law inapplicable to Guam. The law has the effect of legitimizing dealings in marihuana, and if no legitimate need exists, it is considered desirable to make the statute specifically inapplicable.

15. Section 15 specifically prohibits the production, manufacture, sale, or importation of marihuana in Guam. If section 14, making the Marihuana Tax Act inapplicable to Guam, is enacted, it is important also to enact the companion section 15, making it a criminal offense to deal in marihuana in Guam.

16. Section 16 extends to Guam the provisions of the Vocational Rehabilitation Act which do not now extend to the territory.

The Vocational Rehabilitation Act, enacted in 1954, provides three kinds of Federal grants to eligible jurisdictions: Grants for vocational rehabilitation services, grants to assist in initiating projects for the extension and improvement of vocational rehabilitation services, and grants to public and nonprofit agencies to assist in meeting the costs of research projects, demonstrations, training, and other special projects. Section 16 extends the act for all purposes to Guam, and provides the same financial treatment to it as is accorded Puerto Rico and the Virgin Islands.

17. Section 17 extends to Guam the act of June 6, 1933, pertaining to the United States Employment Service.

The 1933 statute creating the United States Employment Service authorizes grants to eligible jurisdictions which maintain employment services conforming to the standards set forth in the act. The act applies to Alaska and Hawaii, and was in 1950 extended to Puerto Rico and the Virgin Islands as well. Section 17 would extend it to Guam on the same terms as it now applies to Puerto Rico and the Virgin Islands.

18. Section 18 amends the Public Health Service Act to authorize the Surgeon General to extend certain services to Guam.

The Public Health Service Act is now generally applicable to Alaska, Hawaii, Puerto Rico, and the Virgin Islands, and some of its provisions apply to Guam, as well. Two of the most important activities authorized by the act do not, however, apply to Guam: namely, the detailing of personnel and the payment of grants-in-aid for the study, prevention, control, and treatment of certain diseases (such as tuberculosis,

venereal disease, mental health, heart disease, and cancer). Because Guam's health needs differ from those of other areas in the United States, it was thought desirable to extend these activities authorized by the Public Health Service Act to Guam on a more flexible basis than applies elsewhere. Section 18 provides the necessary flexibility, and allows grants to Guam for the study of such diseases as might be most prevalent in the territory.

19. Section 19 extends to Guam the Hospital Construction and Survey Act.

The Hospital Construction and Survey Act authorizes funds to assist eligible jurisdictions in studying and planning for their hospital needs and in constructing hospitals. Grants are based, for surveys, on a population basis, and for construction, on a formula based upon population and average per capita income. The act is applicable to Alaska, Hawaii, Puerto Rico, and the Virgin Islands, but the last is excluded from the section which provides that no grant for construction shall be less than $200,000 annually. Section 19 extends, the provisions of the act to Guam on the same basis as it applies to the Virgin Islands.

20. Section 20 allows the Governor of Guam to receive the Congressional Record gratuitously.

Existing law provides that the Governors of Alaska, Hawaii, Puerto Rico, and the Virgin Islands will receive gratuitous copies of the Congressional Record. Section 20 will include the Governor of Guam among them.

21. Section 21 provides that the salary of the Governor of Guam will be related to the Executive Pay Act of 1949. This will increase his annual salary from $13,125 to $15,000, the same as is paid to the Governor of the Virgin Islands.

22. Section 22 authorizes the Governor of Guam to enforce the Contraband Seizure Act.

The Contraband Seizure Act makes illegal the transportation by any vehicle, vessel, or aircraft of (*a*) narcotic drugs held contrary to the laws of the United States, (*b*) firearms with respect to which there has been a violation of the National Firearms Act, and (*c*) forged or counterfeit coins. Any vehicle used to transport such items is subject to seizure and forfeiture. The act is applicable to Guam, but provisions for enforcement by local officers are desirable. Section 21 provides such provisions.

23. Section 23 amends the Uniform Code of Military Justice to exclude certain Guamanians from its application.

The Uniform Code of Military Justice provides that among those who are subject to it are "persons serving with, employed by, or accompanying the Armed Forces" and "persons within an area leased by or otherwise reserved or acquired for the use of the United States" when such persons are outside the continental United States, most of Alaska, Hawaii, Puerto Rico, the Virgin Islands, and the Canal Zone. The effect of these provisions is to subject Guamanians employed by the military in Guam, and possibly their families, to the military court system in peacetime rather than to a civil court system. At the time of enactment, it was intended to include among the areas to which the military system could apply all territories where a civil court system was not readily available. Since a civil court system

90014°—57 H. Rept., 84-2, vol. 3——20

is available in Guam at this time, it is appropriate that Guam, too, be excluded from such military jurisdiction.

24. Section 24 extends to Guam the provisions of Federal copyright laws. The Principal Legal Adviser of the Copyright Office states that presently the provisions of the United States copyright law are not applicable in Guam. Therefore, a book printed and bound in Guam is not now subject to protection of the United States law. The inclusion of this section will clearly extend such provisions to Guam as is done in the 48 States, the Territories and the Common wealth of Puerto Rico.

Departmental Reports

Favorable reports on H. R. 6254 and H. R. 9216, which subsequently became H. R. 11522, from the Departments of the Interior, Justice, Agriculture, Navy, Treasury are as follows:

Department of the Interior,
Office of the Secretary,
Washington, D. C., January 19, 1956.

Hon. Clair Engle,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

My Dear Mr. Engle: This will reply to your request for the views of this Department on H. R. 6254, a bill to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes. I recommend that the proposed bill be not enacted, but that the attached proposed substitute bill, carrying the same title, be enacted in lieu thereof.

The purpose of H. R. 6254 and of the attached proposed bill is to extend to Guam certain Federal statutes which are not now applicable to the territory. The bills are, to a considerable extent, identical. To the extent that they differ, this Department's proposed substitute contains technical changes necessary to bring the legislation up to date and excludes certain provisions which require additional study. H. R. 6254 is identical to H. R. 10131, 83d Congress, a bill prepared by this Department in 1954 and introduced in the last Congress. It is to an extent now obsolete, for it will be noted, for example, that the amendments to the Internal Revenue Code carried in H. R. 6254 are keyed to the 1939 code, and the amendment to the Vocational Rehabilitation Act relates to a 1920 statute which has recently been materially amended. Other provisions of H. R. 6254, such as the sections extending to Guam various programs of the Department of Agriculture, and the section relating to the withholding statute of July 17, 1952, have been the subject of further discussions among the interested departments. We have concluded that the matters with which such sections are concerned might better be dealt with in separate legislation directed to Guam alone, and this Department will undertake to study such problems further and to submit appropriate legislation at a later date.

Largely because Guam's present status as an organized unincorporated territory of the United States was not established until 1950, the Congress has not on all occasions in the past made applicable to Guam those Federal laws which ought to apply there. By the Organic Act of Guam, enacted August 1, 1950 (64 Stat. 384, 48 U. S. C., 1952 ed.,

1421 et seq.), Guam was declared to be an unincorporated territory of the United States, and a civil government for the territory was established. Guam at that time assumed a status analogous to that of the Virgin Islands, and it is of importance that it now receive comparable treatment under Federal law.

In order to determine which Federal statutes apply to Guam and to receive recommendations on changes in the application of such statute the Congress by section 25 (b) of the organic act (64 Stat. 384, 390, 48 U. S. C., 1952 ed., sec. 1421 (c) (b)), directed the President to appoint a commission of seven persons. This commission, the organic act provided, was to survey the field of Federal statutes and to make recommendations to the Congress within 12 months after the date of enactment of the organic act "as to which statutes of the United States not applicable to Guam on such date shall be made applicable to Guam, and as to which statutes of the United States applicable to Guam on such date shall be declared inapplicable." Pursuant to this section, the President in 1950 appointed the Commission on the Application of Federal Laws to Guam, and after a series of meetings in 1950 and 1951, the Chairman of the Commission on July 31, 1951, presented the Commission's report to the Congress (H. Doc. 212, 82d Cong., 1st sess).

The proposed substitute bill would carry out many of the recommendations carried in part I of the report, entitled "Statutes of the United States Not Applicable to Guam on August 1, 1950, Which Should Be Made Applicable." It would provide three of the amendments recommended in part II, entitled "Statutes of the United States Applicable to Guam on August 1, 1950, Which Should Be Declared Inapplicable." Finally, the proposed bill would amend three of the statutes included in part III of the report, which enumerates certain statutes enacted subsequent to August 1, 1950, which do not apply to Guam and which, in the Commission's view, might appropriately be amended to become applicable. The remaining sections of the report, parts IV and V, require no action and merrely indicate those Federal statutes the application of which, in the Commission's view, require no change. Many of the Commission's recommendations have already been implemented by laws enacted by the Congress, while most of those which have not been implemented, or which are not provided for in the proposed bill, are dealt with in other legislation proposed or to be proposed by this Department.

Two sections of the bill relate to matters not within the Commission's recommendations. Section 22 would provide certain amendments to the judiciary provisions of the Guam Organic Act. The amendments contained in that section would (*a*) redefine and clarify the Federal jurisdiction of the District Court of Guam; (*b*) provide for a three-member appellate division in the District Court of Guam; (*c*) extend the appointment of the judge of the court from 4 to 8 years, as was recently done in the case of the Virgin Islands (Public Law 517, 83d Cong.), but the term of the present judge would not be affected; and (*d*) provide for the assignment of judges when the proper dispatch of the business of the court requires it. These amendments have been recommended to this Department by Judge Albert B. Maris of the United States Court of Appeals for the Third Circuit, who, at the request of the Government of Guam, made an investigation of the territory's court system in 1951.

Section 23 provides certain amendments to the Contraband Seizure Act. The Commission found that the statute is now applicable to Guam and that it is enforceable there by Federal authorities (item 180, pt. IV, p. 24 of the report), but the Commission believed that it would be desirable to provide for the administration of the act on Guam by territorial officers. This is consistent with the Commission's recommendation for local administration of the Harrison Act, a statute which imposes taxes upon certain narcotics (see sec. 12 of the proposed bill and item 24, pt. I, p. 6 of the report). The Commission thought that this recommendation was warranted in view of the fact that the Congress has authorized administration of the Harrison Act in Puerto Rico by local internal revenue officers (sec. 4735, Internal Revenue Code of 1954), but because no statute presently authorizes local administration of the Contraband Seizure Act, the Commission believed that it would not be within its province to recommend administration by Guam officers. The Commission did not, therefore, make such a recommendation in its report, but it considered that action by the Congress authorizing such local administration would be desirable. Accordingly, section 23 authorizes administration of the Contraband Seizure Act by the Governor of Guam, acting through such territorial officers as he may designate.

Finally, I should like to call your attention to the provision in section 16 of the proposed bill relating to the Vocational Rehabilitation Act. The Commission recommended that the Vocational Rehabilitation Act of 1920, as amended, be made applicable to Guam (item 6 pt. I, p. 9 of the report), and, accordingly, a provision to that end was included in the predecessors of the enclosed proposed bill (H. R. 6808, 82d Cong., H. R. 10131, 83d Cong.). The 83d Congress, however, amended the Vocational Rehabilitation Act generally (Public Law 565), and in so doing made only the portion of the statute relating to grants for special projects applicable to Guam. Because the Commission's recommendation on this subject was broader, and because the present Governor of Guam has urged very strongly that the new Vocational Rehabilitation Act be amended to apply generally to Guam, the enclosed proposed bill would have the effect of extending all of the provisions of that law to Guam.

There is attached a brief explanation of each section of the proposed bill. The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation to the Congress.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

A BILL To implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 101 (a) (1) of the Federal Seed Act (53 Stat. 1275; 7 U. S. C., sec. 1561 (a) (1)), is amended by inserting immediately after the word "Hawaii," the word "Guam,".

(b) Section 101 (a) (8) (A) (ii) of the Federal Seed Act (53 Stat. 1275, 1277; 7 U. S. C., section 1561 (a) (8) (A) (ii)), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

(c) Section 101 (a) (9) (A) (ii) of the Federal Seed Act (53 Stat. 1275, 1277; 7 U. S. C., sec. 1561 (a) (9) (A) (ii)), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 2. The National Bank Act, and all other Acts of Congress relating to national banks, shall, insofar as not locally inapplicable hereafter, apply to Guam.

SEC. 3. The Federal Deposit Insurance Act (64 Stat. 873; 12 U. S. C., secs. 1811–1831), is amended—

(a) by inserting the word "Guam," after the words "Puerto Rico," in subsection (a) of section 3 and by substituting a comma for the period at the end of such subsection (a) and adding the following words "and the word 'State' means any State of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, Guam, or the Virgin Islands.";

(b) by inserting the word "Guam," after the words "Puerto Rico," in each place where they appear in subsections (d), (e), and (o) of section 3;

(c) by inserting the word "Guam," after the words "Puerto Rico," in the first proviso of subsection (1) of section 3; and

(d) by inserting the words "of Guam," after the words "of Puerto Rico," where they appear in subsection (m) of section 3.

SEC. 4. Section 5 of the Act of March 9, 1945 (59 Stat. 33, 34; 15 U. S. C., sec. 1015), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 5. Section 2 of the Act of June 3, 1948 (62 Stat. 334; 16 U. S. C., sec. 8f), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 6. Section 4 of the Act of June 23, 1936 (49 Stat. 1894, 1895; 16 U. S. C., sec. 17n), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 7. Subsection (a) of section 8 of the Act of September 2, 1937 (50 Stat. 917), as amended (16 U. S. C., sec. 669g–1), is further amended to read as follows:

"(a) The Secretary of the Interior is authorized to cooperate with the Alaska Game Commission, the Division of Game and Fish of the Board of Commissioners of Agriculture and Forestry of Hawaii, the Commissioner of Agriculture and Commerce of Puerto Rico, the Governor of the Virgin Islands, and the Governor of Guam, in the conduct of wildlife-restoration projects, as defined in section 2 of this Act, upon such terms and conditions as he shall deem fair, just, and equitable, and is authorized to apportion to said Territories, Puerto Rico, the Virgin Islands, and Guam, out of money available for apportionment under this Act, such sums as he shall determine, not exceeding $75,000 for Alaska, not exceeding $25,000 for Hawaii, and not exceeding $10,000 each for Puerto Rico, the Virgin Islands, and Guam, in any one year, which apportionments, when made, shall be deducted before making the apportionments to the States provided for by said sections; but the Secretary shall in no event require any of said cooperating agencies to pay an amount which will exceed 25 per centum of the cost of any project. Any unexpended or unobligated balance of any apportionment made pursuant to this section shall be available for expenditure in the Territories, Puerto Rico, the Virgin Islands, or Guam, as the case may be, in the succeeding

year, on any approved project, and if unexpended or unboligated at the end of such year is authorized to be made available for expenditure by the Secretary of the Interior in carrying out the provisions of the Migratory Bird Conservation Commission."

SEC. 8. Section 12 of the Act of August 9, 1950 (64 Stat. 430, 434; 16 U. S. C., sec. 777k), is amended to read as follows:

"SEC. 12. The Secretary of the Interior is authorized to cooperate with the Alaska Game Commission, the Division of Game and Fish of the Board of Commissioners of Agriculture and Forestry of Hawaii, the Commissioner of Agriculture and Forestry of Puerto Rico, the Governor of the Virgin Islands, and the Governor of Guam in the conduct of fish restoration and management projects, as defined in section 2 of this Act, upon such terms and conditions as he shall deem fair, just, and equitable, and is authorized to apportion to said Territories, Puerto Rico, the Virgin Islands, and Guam, out of money available for apportionment under the Act, such sums as he shall determine, not exceeding $75,000 for Alaska, not exceeding $25,000 for Hawaii, and not exceeding $10,000 each for Puerto Rico, the Virgin Islands, and Guam, in any one year, which apportionments, when made, shall be deducted before making the apportionments to the States provided for by this Act; but the Secretary shall in no event require any of said cooperating agencies to pay an amount which will exceed 25 per centum of the cost of any project. Any unexpended or unobligated balance of any apportionment made pursuant to this section shall be available for expenditure in the Territories, Puerto Rico, the Virgin Islands, or Guam, as the case may be, in the succeeding year, on any approved project, and if unexpended or unobligated at the end of such year is authorized to be made available for expenditure by the Secretary of the Interiorin carrying on the research program of the Fish and Wildlife Service in respect to fish of material value for sport or recreation."

SEC. 9. (a) Guam shall be entitled to share in the benefits of the Vocational Education Act of 1946 (60 Stat. 775), and any Act amendatory thereof or supplementary thereto, upon the same terms and conditions as any of the several States. There is hereby authorized to be appropriated, for the fiscal year ending June 30, 1955, and annually thereafter, the sum of $80,000, to be available for allotment to Guam under such Act and the modifications hereinafter provided.

(b) Sums appropriated under the authority of subsection (a) of this section shall be allocated for vocational education in (1) agriculture, (2) home economics, (3) trades and industries, and (4) distributive occupations, in the proportion which the amount authorized to be appropriated under paragraphs (1), (2), (3), and (4), respectively, of section 3 of the Vocational Education Act of 1946, bears to the sum of such amounts except insofar as the Commissioner of Education, with the approval of the Secretary of Health, Education, and Welfare, deems it necessary to modify said proportions to meet special conditions existing in Guam.

(c) The provisions of section 3 (60 Stat. 775; 20 U. S. C., sec. 15j), section 7 (60 Stat. 775, 777; 20 U. S. C., sec. 15o), and section 8 (b) (60 Stat. 775, 777; 20 U. S. C., sec. 15p (b)), of the Vocational Education Act of 1946, shall apply to sums appropriated under this section with such modifications as the Commissioner of Education, with the approval of the Secretary of Health, Education, and Welfare, shall deem necessary to meet special conditions existing in Guam.

(d) In addition to the sums authorized to be appropriated under section 9 of the Vocational Education Act of 1946 (60 Stat. 775, 777; 20 U. S. C., sec. 15q), there are hereby authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this section, such sums to be expended for the same purposes and in the same manner as provided in section 7 of the Act of February 23, 1917 (39 Stat. 929, 933), as amended (20 U. S. C., sec. 15).

SEC. 10. The act of September 30, 1950 (64 Stat. 1100; 20 U. S. C., sec. 236 et seq.), as amended by Public Law 248, Eighty-third Congress (67 Stat. 530), is further amended by adding the word "Guam," immediately following the words "Wake Island," wherever they appear in such Act.

SEC. 11. Paragraph (14) of section 210 of the Act of September 23, 1950 (64 Stat. 967, 977), as amended, is further amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 12. (a) The heading of section 4735 of the Internal Revenue Code of 1954 is amended by inserting the word "GUAM," immediately following the words "PUERTO RICO,".

(b) Subsection (a) of section 4735 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) PUERTO RICO, GUAM, AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS.—In Puerto Rico, Guam, and the Trust Territory of the Pacific Islands, the administration of sections 4701 to 4707, inclusive; sections 4721 to 4726, inclusive; sections 4732 to 4734, inclusive; and insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive; the collection of the special tax imposed by section 4721 and the issuance of the order forms specified in section 4705, shall be performed by the appropriate internal revenue officers of those governments, and all revenues collected thereunder in Puerto Rico, Guam, and the Trust Territory of the Pacific Islands shall accrue intact to the general governments thereof, respectively. The highest court of original jurisdiction of the Trust Territory of the Pacific Islands shall possess and exercise jurisdiction in all cases arising in such Territory under sections 4701 to 4707, inclusive; sections 4721 to 4726, inclusive; sections 4732 to 4734, inclusive; and, insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive."

(c) Section 4705 (h) is amended by inserting the word ", Guam," immediately following the words "Puerto Rico".

(d) The amendments made by this section shall take effect on the first day of the third month which begins more than ten days after the date of enactment of this Act.

SEC. 13. Subchapter B of Part I, Subchapter A, Chapter 39 of the Internal Revenue Code of 1954 is amended by inserting immediately after section 4715, the following new section to be numbered section 4716:

"SEC. 4716. APPLICATION TO GUAM.

"The provisions of this subpart shall be applicable to Guam, and in Guam the administration of this subpart shall be performed by the appropriate internal revenue officers of the Government of Guam, and all revenues collected thereunder in Guam shall accrue intact to the government thereof."

SEC. 14. Section 4774 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 4774. TERRITORIAL EXTENT OF LAW.

"The provisions of sections 4701 to 4707, inclusive, and sections 4721 to 4776, inclusive, (including penalties provided by sections 7237 and 7238) shall apply to the several States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, the Trust Territory of the Pacific Islands, and the insular possessions of the United States, except that (notwithstanding section 7651) sections 4741 to 4762, inclusive, and, insofar as they relate to marihuana, sections 4771 to 4776, inclusive, shall not apply to Guam or the Trust Territory of the Pacific Islands "

SEC. 15. (a) It shall be unlawful for any person to produce, manufacture, compound, possess, sell, give away, deal in, dispense, administer, or transport marihuana in Guam, or to import marihuana into or export it from Guam.

(b) As used in subsection (a) of this section, the term "marihuana" shall have the meaning now or herafter ascribed to it in section 4761 (2) of the Internal Revenue Code, and the term "produce" shall mean (a) plant, cultivate, or in any way facilitate the natural growth of marihuana, or (b) harvest and transfer or make use of marihuana.

(c) Any person who shall violate subsection (a) of this section shall be punished for the first offense by a fine of not more than $2,000, or by imprisonment in jail for not less than two or more than five years, or by both, and shall be punished for each subsequent offense by a fine of not more than $2,000, or by imprisonment in jail for not less than five years or more than ten years, or by both; and any marihuana involved in any violation of subsection (a) of this section may be seized, and the court may order its confiscation and destruction.

SEC. 16. (a) Subsection (g) of section 11 of the Vocational Rehabilitation Act (68 Stat. 652, 662), is amended to read as follows:

"(g) The term 'State' includes Alaska, the District of Columbia, Hawaii, the Virgin Islands, Puerto Rico, and Guam."

(b) Subsection (h) of the Vocational Rehabilitation Act (68 Stat. 652, 662), is amended by inserting immediately after the words "Puerto Rico" the word ", Guam,".

(c) Subsection (i) of the Vocational Rehabilitation Act (68 Stat. 652, 662), is amended by inserting immediately after the words "Puerto Rico" the word ", Guam,".

SEC. 17. (a) Subsection (b) of section 3 of the Act of June 6, 1933 (48 Stat. 113, 114), as amended (29 U. S. C., sec. 49b (b)), is further amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

(b) Subsection (b) of section 5 of the Act of June 6, 1933 (48 Stat. 113, 115), as amended (29 U. S. C., sec. 49d (b)), is further amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 18. Effective July 1, 1955, the Public Health Service Act (58 Stat. 682), as amended (42 U. S. C., sec. 201 et seq.), is further amended by inserting after section 315 (58 Stat. 682, 695, 42 U. S. C., sec. 247), the following new section:

"GRANTS AND SERVICES TO GUAM

"SEC. 316. (a) There is hereby authorized to be appropriated for each fiscal year a sum sufficient to enable the Surgeon General, through

the provision of consultative services, investigations and demonstrations, grants-in-aid, and the training of personnel (including the establishment of facilities for research and training), to cooperate with and assist Guam in establishing and maintaining adequate public health services.

"(b) For each fiscal year, the Surgeon General shall determine the portion of the appropriation under subsection (a) which will be available for payments to Guam and shall from time to time make payments therefrom to Guam in the amounts he determines to be necessary for such ensuing period as he may designate. The amount so determined shall prior to payment, be reduced or increased, as the case may be, by the amount by which the Surgeon General finds that estimates of required expenditures with respect to any prior period were greater or less than the actual expenditures for such period. Such payments shall be made through the disbursing facilities of the Department of the Treasury and prior to the audit or settlement by the General Accounting Office.

"(c) The moneys so paid to Guam shall be expended solely in carrying out the purposes specified in this section and in accordance with a plan submitted by the health authority of Guam and approved by the Surgeon General. Such moneys shall be paid upon the condition that there shall be spent in Guam for the same general purpose from funds of Guam an amount determined by the Surgeon General.

"(d) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to the health authority of Guam, finds that with respect to money paid to Guam under this section there is a failure to comply substantially with the provisions of this section or the plan submitted under this section, he shall notify the health authority that further payments will not be made from appropriations under this section (or, in his discretion, that further payments will not be made from such appropriations for activities in which there is such failure) until he is satisfied that there will no longer be any such failure. Until he is so satisfied, the Surgeon General shall make no further payments from appropriations under this section, or shall limit payments to activities in which there is no such failure.

"(e) The Surgeon General is authorized, on request of the health authority of Guam, to detail personnel of the Service to Guam for the purposes and on the terms and conditions provided in section 214 (b) of this Act with respect to detail of personnel to States."

Sec. 19. (a) Subsection (a) of section 631 of the Hospital Construction and Survey Act (60 Stat. 1041, 1046), as amended (42 U. S. C., sec. 291i (a)), is further amended by inserting immediately after the words "Puerto Rico" the word ", Guam,".

(b) Subsection (d) of section 631 of the Hospital Construction and Survey Act (60 Stat. 1041, 1047), as amended (42 U. S. C., sec. 291i (d)), is further amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

(c) Section 624 of the Hospital Construction and Survey Act (60 Stat. 1041, 1045), as amended (42 U. S. C., sec. 291g), is further amended by inserting immediately after the words "the Virgin Islands" the words "or Guam."

SEC. 20. (a) Subsection (a) of section 501 of the Housing Act of 1949 (63 Stat. 413, 432; 42 U. S. C., sec. 1471 (a)), is amended by inserting after the words "Puerto Rico" the word ", Guam,".

(b) Subsection (a) of section 607 of the Housing Act of 1949 (63 Stat. 413, 441; 42 U. S. C., sec. 1442 (a)), is amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

SEC. 21. Section 73 of the Act of January 12, 1895 (28 Stat. 601, 612), as amended (44 U. S. C., sec. 183), is further amended by inserting the word "Guam," immediately after the words "Puerto Rico,".

SEC. 22. (a) The second sentence of subsection (a) of section 22 of the Organic Act of Guam (64 Stat. 384, 389; 48 U. S. C., sec. 1424 (a)), is amended to read as follows:

"The District Court of Guam shall have the jurisdiction of a district court of the United States in all causes arising under the Constitution, treaties and laws of the United States, regardless of the sum or value of the matter in controversy, shall have original jurisdiction in all other causes in Guam, jurisdiction over which has not been transferred by the legislature to other court or courts established by it, and shall have such appellate jurisdiction as the legislature may determine."

(b) Section 22 of the Organic Act of Guam (64 Stat. 384, 389; 48 U. S. C., sec. 1424) is amended by inserting at the end of subsection (a) thereof the following:

"Appeals to the District Court of Guam shall be heard and determined by an appellate division of the court consisting of three judges, of whom two shall constitute a quorum. The judge appointed for the court by the President shall be the presiding judge of the appellate division and shall preside therein unless disqualified or otherwise unable to act. The other judges who are to sit in the appellate division at any session shall be designated by the presiding judge from among the judges assigned to the court from time to time by the Chief Justice of the United States pursuant to section 24 (a) of this Act. The concurrence of two judges of the appellate division shall be necessary to any decision by the District Court of Guam on the merits of an appeal but the presiding judge alone may make any appropriate orders with respect to an appeal prior to the hearing and determination thereof on the merits and may dismiss an appeal for want of jurisdiction or failure to take or prosecute it in accordance with the applicable law or rules of procedure."

(c) The first sentence of subsection (a) of section 24 of the Organic Act of Guam (64 Stat. 384, 390) as amended (48 U. S. C., sec. 1424b (a)), is further amended by striking out the word "four" and inserting in lieu thereof the word "eight": *Provided*, That this amendment shall not affect the term of office of the judge of the District Court of Guam in office on the date of its enactment.

(d) The last sentence of subsection (a) of section 24 of the Organic Act of Guam (64 Stat. 384, 390), as amended (48 U. S. C., sec. 1424b (a)), is further amended to read as follows:

"The Chief Judge of the Ninth Judicial Circuit of the United States may assign a circuit or district judge of the Ninth Circuit, or the Chief Justice of the United States may assign any other United States circuit or district judge with the consent of the judge so assigned and of the chief judge of his circuit, or the Chief Justice of the United States may assign any judge of the Island Court of Guam to serve temporarily as a judge in the District Court of Guam whenever it is made to appear that such an assignment is necessary for the proper dispatch of the business of the court."

SEC. 23. The Act of August 9, 1939 (53 Stat. 1291), as amended (49 U. S. C., sec. 781–788), is further amended by adding at the end of section 8, the following new section 9:

"SEC. 9. (a) In Guam the enforcement and administration of this Act shall be performed by the Governor of Guam, acting through such officers of the Government of Guam as he may designate.

"(b) The Governor of Guam is authorized to carry out the provisions of the related laws set forth in section 4 of this Act, with such modifications as he shall deem necessary to meet special conditions on Guam; and the Governor is further authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act on Guam."

SEC. 24. Paragraphs (11) and (12) of article 2 of the Uniform Code of Military Justice (64 Stat. 108, 109; 50 U. S. C., sec. 552 (11) and (12)), are amended by inserting immediately after the words "Puerto Rico," the word "Guam,".

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., April 12, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. ENGLE: This will refer to this Department's letter to you of January 19, 1956, commenting upon H. R. 6254, a bill to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes, and to H. R. 9216, with the same title, which is this Department's proposed substitute for H. R. 6254.

We recommend that one additional section be added to the bill to extend to Guam the provisions of the copyright laws.

The predecessors of H. R. 9216, the so-called Guam omnibus bills, have generally contained a provision relating to copyrights, for the Commission on the Application of Federal Laws to Guam recommended that they be expressly extended to the territory (par. 23, p. 6, H. Doc. 212, 82d Cong.). H. R. 6254 contained such a provision in section 17. In our proposed substitute for H. R. 6254, however, we excluded the copyright provision as a result of correspondence which we had with the Copyright Office, Library of Congress, in 1955. We were advised that the principal legal adviser of the Copyright Office concluded:

"* * * that the United States copyright law is not presently applicable to Guam. Therefore, a book printed and bound in Guam at this time is not subject to protection of the United States law. The enactment of * * * H. R. 6254 would clearly serve to extend protection of the United States copyright to Guam but * * * there is serious doubt with regard to an English-language book wholly manufactured and published in Guam."

This doubt with respect to the application of the so-called manufacturing clause to Guam arises because the copyright law requires a book or periodical in the English language to be wholly manufactured "within the limits of the United States." The Copyright Office con-

cluded that the language of section 17 of H. R. 6254 would not suffice to make clear whether the manufacturing clause includes Guam. In the circumstances, this Department planned to propose separate legislation embodying the language of section 17 of H. R. 6254 as well as such additional language as might be necessary to clarify the problem with respect to the manufacturing clause.

In subsequent correspondence with the Copyright Office, we have, however, been advised that it would be unwise to resolve this matter with respect to Guam and to leave the question unanswered with respect to other Territories. The Copyright Office has stated that the manufacturing problem is one which should receive careful consideration in connection with the general revision of the United States copyright law. Such consideration is expected to be given to this matter in connection with a 3-year study which the Copyright Office has undertaken concerning such a revision. That being so, we believe that the manufacturing clause matter might properly be postponed for consideration in connection with a general revision of the copyright laws, and that it will be sufficient if there is now enacted a general provision of the sort contained in section 17 of H. R. 6254.

Accordingly, we recommend that there be added a new section, to be designated section 25, immediately following line 5 on page 18 of H. R. 9216, such section to read as follows:

"SEC. 25. The laws of the United States relating to copyrights, and to the enforcement of rights arising thereunder, shall have the same force and effect in Guam as in the continental United States."

The Bureau of the Budget has advised that there is no objection to the submission of this letter to your committee.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

DEPARTMENT OF JUSTICE,
April 13, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice concerning the bill (H. R. 6254) to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes.

The recommendations of the Commission on the Application of Federal Laws to Guam to which the bill refers are included in House Document 212 of the 82d Congress, 1st session. In addition to providing for the carrying out of some of the recommendations made by the Commission, by extending the application of certain existing laws specifically to Guam, the bill also would provide for making applicable to Guam certain provisions of the Internal Revenue Code. It also would provide amendments to the provisions of sections 22 and 24 of the Organic Act of Guam relating to appeals to the District Court of Guam and the assignment of judges to that court.

The Department of Justice has no objection to legislation to effect the purposes of this bill, but there are certain features of it to which the committee may wish to give further consideration.

References in the bill are to provisions of the Internal Revenue Code of 1939. Since the Internal Revenue Code of 1954 has superseded that of 1939 it would appear necessary to amend the bill to reflect the appropriate sections of the Internal Revenue Code of 1954.

Existing law provides for the assignment of judges to the District Court of Guam by the Chief Justice of the United States. Under subsection (b) of section 30 of the bill the chief judge of the Ninth Judicial Circuit of the United States may assign a circuit or district judge of the Ninth Circuit, or the Chief Justice of the United States may assign any other United States circuit or district judge with the consent of the judge so assigned and of the chief judge of his circuit, or the Chief Justice of the United States may assign any judge of the Island Court of Guam to serve temporarily as a judge in the District Court of Guam whenever it is made to appear that such an assignment is necessary for the proper dispatch of the business of the court. Since under this proposed amendment the chief judge of the Ninth Judicial Circuit would be authorized to assign judges to the District Court of Guam, it is not clear why indication of this function is not also included in the amendment proposed under subsection (a) of section 30 of the bill. This could be done by inserting the language "or the chief judge of the Ninth Judicial Circuit of the United States" following the word "States" on line 17 at page 15 of the bill.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely,

WILLIAM P. ROGERS,
Deputy Attorney General.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 4, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives.

DEAR CONGRESSMAN ENGLE: This is in reply to your request of May 26, 1955, for a report on H. R. 6254, a bill to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes.

Although we agree with the objectives of the bill, this Department recommends against enactment of the proposed legislation in its present form.

Excessive costs and difficult administrative problems would be involved in extending to Guam these laws, which were designed for application to large agricultural areas. Moreover, there may be special agricultural needs in Guam which would not be adequately covered by these general laws. It would appear that a small agricultural staff, specializing on the peculiar needs of Guam, could better meet the needs of that island.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

DEPARTMENT OF THE NAVY,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, D. C., April 6, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Your request for comment on the bill H. R. 6254, to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes, has been assigned to this Department by the Secretary of Defense for the preparation of a report thereon expressing the views of the Department of Defense.

The purpose of this measure is to extend to Guam certain Federal statutes which are not now applicable to that Territory. Section 25 (b) of the Organic Act (64 Stat. 384, 390, 48 U. S. C. 1421c (b)), directed the President to appoint a commission to survey the field of Federal statutes and to make recommendations to the Congress as to which statutes should be declared applicable to Guam and which statutes should be declared inapplicable. The proposed bill would implement the recommendations of the foregoing Commission, which was appointed in 1950 and presented its report to the Congress on July 31, 1951.

Section 1 of the bill would make a provision of the Hayden-Cartwright Act (4 U. S. C. 104) applicable to Guam, with the result that all military exchanges would be required to pay gasoline taxes to Guam on all gasoline sold not for the exclusive use of the United States. Such taxes would be paid directly to the Guamanian tax authority.

The section of the Hayden-Cartwright Act, supra, which subjects military exchanges to local gasoline taxes, may be justified where the taxes paid are used for construction and repair of the highways used by consumers of the gasoline. The highways of Guam, however, cannot be compared with the highways of States or Territories of the United States. Within the continental United States authorized patrons of military exchanges consume gasoline purchased at such exchanges by driving on State or locally maintained highways. In Guam, however, of the main highways, including those within military reservations, interconnecting military reservations, and interconnecting the main Guam villages, 91 percent of the highways were constructed with military appropriations; 92 percent of the highways which were constructed with military appropriations must be maintained with appropriated funds; 54 percent of the highways constructed by the military are for the joint use of the military and Guamanians; 46 percent of Guam's highways are on military reservations and not open to general use by the Guamanians. Pursuant to an agreement between the Department of the Navy and the Department of the Interior, the government of Guam contributes 20 percent of the cost of routine maintenance of the joint-use highways. Military expenditures in the construction and maintenance of that portion of the Guam highway system to which Guam makes contribution has averaged about $180,000 per year. The annual contribution of Guam to these same highways has averaged $12,000. In addition to the main highways above, all streets in the villages of Agat and Agana have been reconstructed since World II from military appropriations.

The present Guam tax on gasoline is 4 cents per gallon. The present monthly volume of gasoline sales by military exchanges is about 413,000 gallons. The volume of gasoline sold by military exchanges amounts to about 49 percent of the volume of civilian gasoline sales. Under the instant proposal, therefore, the patrons of the exchanges on Guam would be contributing over $16,000 per month in gasoline taxes while the government of Guam would be contributing only $12,000 per year toward highways maintained by the military and used by the residents of Guam.

Further, in general, domiciliaries of Guam do not pay Federal income taxes, but pay taxes to Guam only. United States citizens employed by the Government of the United States and servicemen pay United States income taxes, from which appropriated funds are taken to maintain military installations, including highways in Guam. The instant proposal, therefore, would result in double taxation of United States citizens serving or employed on Guam.

Section 2 of the bill would amend the act of July 17, 1952 (66 Stat. 765, 5 U. S. C., sec. 84b), by treating Guam as a "Territory" for the purposes of the act. The effect of its enactment would be to authorize the Secretary of the Treasury to enter into an agreement with Guam whereby all Federal agencies in Guam would be required to withhold the Guamanian income tax from the salaries and wages of their civilian employees, and report and remit such withholdings directly to the treasury of Guam.

By section 31 of the Organic Act of Guam the income tax for Guam is the same as the income tax imposed by the United States Internal Revenue Code. Therefore, every citizen civilian employee of the United States Government in Guam would suffer a deduction of twice the amount now being withheld for Federal income taxes. It is not enough to suggest that the individual would be entitled to a credit on his Federal return at the end of the year for taxes paid to Guam. Such credit would not be allowable if the taxpayer uses the standard deduction in the computation of his Federal tax, and most taxpayers use the standard deduction. Furthermore, the individuals would be required to wait as much as 16 to 18 months for a refund of the over-collection if he qualifies for the credit. Obviously, this would work a severe inequity against citizen employees in Guam, have a serious effect on employee morale, and unquestionably create an extreme labor problem in that area. Inasmuch as the income tax of States entitled to withholding agreements under the provisions of the act of July 17, 1952 (supra), represents a very small item compared to the amount of the Federal income tax, the proposal in favor of Guam is not at all comparable.

Under the provisions of section 30 of the Organic Act of Guam, Federal income taxes derived from Guam are required to be covered into the treasury of Guam. On the implementation of this law, a procedure has been worked out whereby the Internal Revenue Service certifies to the Department of the Treasury the total amount withheld for Federal income taxes from the salaries and wages of citizen employees of the United States in Guam and the Department of the Treasury then transmits the amount of the treasury of Guam. Because of the mobility of military personnel, it is almost impossible to accurately determine the amount of taxes withheld on their compensation for service in Guam. Therefore, two arbitary dates were

selected April 1 and October 1, and the amounts actually withheld on military payrolls of personnel in Guam on such dates are multiplied by six and the product is certified to the Department of the Treasury, which in turn pays that amount to the treasury of Guam. Payments to Guam are made quarterly. Accordingly, Guam is now receiving substantially all of the Federal income taxes withheld from the citizen employees (including the military) of the United States Government in Guam and it is understood that existing procedure is working very well and at an absolute minimum of administrative cost to Guam.

The enactment of section 2 of this bill could therefore result in Guam receiving double the Federal income tax on compensations of civilian citizen employees of the United States in Guam as well as the Federal income tax on the service pay of members of the Armed Forces in Guam. It should also be noted that the legislative history of the act of July 17, 1952 (supra), discloses that "possessions of the United States," which would have included Guam, were specifically eliminated from the bill by the congressional committee.

In view of the foregoing, the Department of the Navy, on behalf of the Department of Defense, is opposed to the enactment of sections 1 and 2 of H. R. 6254.

Sections 18 and 24 of the bill, entitling Guam to share in the benefits of the Vocational Education Act of 1946 and the Vocation Rehabilitation Act, are expected to be particularly beneficial to the Department of Defense in ultimately providing a labor market on Guam. Because of the lack of vocational-type training, the public-school system on Guam does not prepare Guamanians for employment with the Navy, or other Government agencies, in the skilled trades.

Section 19 of this measure permits extension of the act of September 30, 1950 (64 Stat. 1100; 20 U. S. C. 236), as amended by Public Law 248, 83d Congress (67 Stat. 530) to include Guam. This act provides financial assistance for local education agencies in areas affected by Federal activities. This also would be beneficial to the military departments in that it would provide financial assistance through the Department of Health, Education, and Welfare for public schools on Guam, which are attended by military dependents, just as is now done in continental United States communities where schools are crowded with Federal dependents.

Subject to the foregoing, the Department of the Navy, on behalf of the Department of Defense, favors the enactment of H. R. 6254.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Department of the Navy has been advised by the Bureau of the Budget that there is no objection to the submission of this report to the Congress.

For the Secretary of the Navy.

Sincerely yours,

W. R. SHEELEY,
Rear Admiral, USN,
Acting Judge Advocate General of the Navy.

TREASURY DEPARTMENT,
Washington, April 6, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Your office has requested a statement of this Department's views on H. R. 6254, to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the Application of Federal Laws to Guam, and for other purposes.

The proposed legislation includes provisions relating to national banks, to internal revenue matters, and to narcotic legislation, which are of interest to this Department.

Section 2 of the bill would amend the act of July 17, 1952 (c. 940, sec. 1, 66 Stat. 765), relating to withholding of State income taxes by the Federal Government as an employer, so as to require such withholding with respect to the compensation of certain Federal employees working in Guam. The apparent purpose of section 2 is to meet the special tax-collection problem in Guam, detailed in the attached memorandum. The Department is not opposed to this purpose, but believes that amending the act of July 17, 1952, would be an inappropriate method of accomplishing it. It is suggested that the objective of section 2 might be accomplished by an appropriate amendment to the Organic Act of Guam.

Section 7 of the bill would make specifically applicable to Guam the National Bank Act and all other acts of Congress relating to national banks. This Department would have no objection to section 7.

Sections 20, 21, 22, 23, and 31 of the bill relate to narcotic matters. The Department would have no objection to these sections, but there are technical revisions which should be made.

The attached memorandum sets forth in detail the Department's position on the bill and contains the technical amendments suggested.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

W. RANDOLPH BURGESS,
Acting Secretary of the Treasury.

MEMORANDUM

Re H. R. 6254, to implement section 25 (b) of the Organic Act of Guam by carrying out the recommendations of the Commission on the application of Federal laws to Guam, and for other purposes

Section 2 of H. R. 6254 would extend to Guam the provisions of the act of July 17, 1952 (Public Law 587, 82d Cong., c. 940, sec. 1, 66 Stat. 765, 5 U. S. C. 84b). The effect of this act is to require the Federal Government as an employer to comply with certain State and Territorial income tax withholding laws, upon the request of local authorities. The act provides that any State or Territory having a withholding law which is generally applicable to resident employees may require the Secretary of the Treasury to enter into an agreement whereby all Federal agencies will comply with such local law with

respect to the compensation of employees (other than members of the Armed Forces) who are subject to local income tax and whose regular place of Federal employment is within the State or Territory involved.

Guam is not at present covered by the act of July 17, 1952, because it is not a "Territory" within the meaning of this act (see letter of the Acting Secretary of the Treasury to the Governor of Guam, January 19, 1953, a copy of which is attached). Nevertheless, the government of Guam is currently receiving from the Government of the United States amounts equal to the sum of all income taxes withheld by the Federal Government, on its own behalf, from the compensation of all Federal employees who work in Guam and who are either citizens of the United States (not by reason of the Organic Act, infra) or residents of the continental United States. This arrangement covers members of the Armed Forces as well as civilian employees.

Under this arrangement which was worked out with Guam in late 1951 the United States turns over to the Treasury of Guam all amounts of income tax withheld which are attributable to the compensation of civilian and military personnel working for the Federal Government in Guam. The purpose of this arrangement is to comply with the Organic Act of Guam, which provides in part that all Federal income taxes "derived from Guam" shall be covered into the treasury of Guam (act of August 1, 1950, c. 512, sec. 30, 64 Stat. 392, 48 U. S. C. 1421h). The government of Guam, in turn, has agreed not to apply the Guam income tax system to civilian employees of the Federal Government who are citizens of the United States (not by reason of the Organic Act) or residents of the continental United States (members of the armed services are exempt by law from Guam income tax; see Soldiers' and Sailors' Civil Relief Act, October 17, 1940, c. 888, sec. 514, 56 Stat. 777, as amended, 50 U. S. C. App. 574).

According to the best information available to this Department, citizens or residents of the continental United States constitute about a third of all civilian Federal employees in Guam at the present time. In addition, the Federal Government employs citizens of Guam (who are also citizens of the United States by virtue of the Organic Act of Guam) and aliens (for example, citizens of Japan and the Philippine Islands). Compensation received from such employment by citizens of Guam is subject to the Guam income tax but not the Federal income tax (see Internal Revenue Code of 1954, sec. 932). Similarly, compensation received by aliens working in Guam is subject to the Guam, but not the Federal, income tax.

At the present time, the Federal Government does not withhold income tax, either on its own behalf or on behalf of the Government of Guam, on the compensation of Guamanians and nonresident aliens employed by the Federal Government in Guam. The apparent purpose of section 2 of the proposed bill is to insure collection at the source of Guam income taxes on the wages of these Federal employees.

This Department, while not opposed to the purpose of section 2, is opposed to its enactment in its present form. The reason for this position is that this Department believes that it would be inappropriate and not consistent with the basic objectives of the act of July 17, 1952, to amend such act to meet the special Guam tax collection problem outlined above.

The act of July 17, 1952, now permits agreements between the Secretary of the Treasury and local authorities only where "(1) the law of any State or Territory provides for the collection of a tax by imposing upon employers generally the duty of withholding sums from the compensation of employees and making returns of such sums to the authorities of such State or Territory, and (2) such duty to withhold is imposed generally with respect to the compensation of employees who are residents of such State or Territory." Even if the proposed amendment were adopted, therefore, it would not be possible for the Secretary of the Treasury to enter into an agreement with Guam covering a limited group of Federal employees.

It should be noted that the act of July 17, 1952, was specifically drafted to bar agreements for compliance by the Federal Government with the limited withholding laws in effect in some States which are applicable only to nonresidents employed within the State. Any amendment to meet the special collection problem described above would undoubtedly lead to strong demands for similar relaxation of the act to cover State laws which provide for withholding only on nonresidents.

Such an extension of the terms of the act, whether made applicable to Guam alone or to States and Territories generally, would be contrary to the expressed intention of Congress when it originally enacted the law (see the language of the law itself, and the statement of Representative Reed of New York, that "the authorization for withholding contained in the bill as reported is limited so as not to apply with respect to the taxes of any State or Territory which requires withholding only with respect to nonresidents" (98 Congressional Record (1952) p. 9231)).

Although opposed to the enactment of section 2 of the bill, the Treasury Department would have no objection to the enactment of other legislation to accomplish the same purpose. It is suggested that the apparent objective might be accomplished by an appropriate amendment to the Organic Act of Guam. If such an approach to the problem is determined to be desirable, this Department will be glad to join with the representatives of other interested agencies in drafting such an amendment.

Sections 20, 21, 22, 23, and 31 of the bill are of interest to the Bureau of Narcotics of this Department.

Section 22 is intended to make inapplicable to Guam the provisions of the Marihuana Tax Act but the text of that section as now drafted would also make inapplicable to Guam the narcotic provisions of the Internal Revenue Code. It is evidently the intention to make applicable to Guam, all of the Internal Revenue narcotic laws and to give the administrative and enforcement authority under those laws in the island to appropriate officers of the Guam Government, in line with the present plan of enforcement in Puerto Rico. The Internal Revenue marihuana laws, however, are not to be extended to Guam but control of marihuana in the island is to be accomplished by prohibitory measure set forth in section 23. This Department approves this plan because there is now practically no medical need for marihuana and controlled legislation of the type set forth in section 24 is much more desirable than legislation of the type of the Marihuana Tax Act. In order to accomplish this purpose, it is suggested that section 22 be revised to read as follows:

"Section 22. Section 4774 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 4774. TERRITORIAL EXTENT OF LAW.

"The provisions of sections 4701 to 4707, inclusive, and sections 4721 to 4776, inclusive (including penalties provided by sections 7237 and 7238), shall apply to the several States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, the Trust Territory of the Pacific Islands, and the insular possessions of the United States, except that (notwithstanding sec. 7651) sections 4741 to 4762, inclusive, and, insofar as they relate to marihuana, sections 4771 to 4776, inclusive, shall not apply to Guam or the Trust Territory of the Pacific Islands."

Section 20 of the proposed legislation is intended to give to the island's government administrative authority under the narcotic laws extended to Guam. However, it does not appear to be sufficiently inclusive of all the narcotic laws so extended. It is suggested that subsections (a), (b), and (c) of section 20 be revised to read as follows:

"(a) The heading of section 4735 of the Internal Revenue Code of 1954 is amended by inserting the word 'Guam,' immediately following the words 'Puerto Rico,'.

"(b) Subsection (a) of section 4735 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) PUERTO RICO, GUAM, AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS.—In Puerto Rico, Guam, and the Trust Territory of the Pacific Islands, the administration of sections 4701 to 4707, inclusive; sections 4721 to 4726, inclusive; sections 4732 to 4734, inclusive; and insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive; the collection of the special tax imposed by section 4721 and the issuance of the order forms specified in section 4705, shall be performed by the appropriate internal revenue officers of those governments, and all revenues collected thereunder in Puerto Rico, Guam, and the Trust Territory of the Pacific Islands shall accrue intact to the general governments thereof, respectively. The highest court of original jurisdiction of the Trust Territory of the Pacific Islands shall possess and exercise jurisdiction in all cases arising in such territory under sections 4701 to 4707, inclusive; sections 4721 to 4726, inclusive; sections 4732 to 4734, inclusive; and, insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive.

"(c) Section 4705 (h) is amended by inserting the word ', Guam,' immediately following the word 'Puerto Rico'."

It should be pointed out that the proposed revision of subsection (a) of section 4735, above, includes specific references to sections 4732 to 4734, inclusive and, insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive. These sections are not specifically included in the existing section 4735 (a) of the Internal Revenue Code of 1954. However, these functions are carried out by the local authorities in Puerto Rico and the trust territory. In the revision of the Internal Revenue Code these sections were apparently inadvertently omitted. The language suggested above will reflect the existing situation.

Furthermore, it should be noted that section 4731 of the Internal Revenue Code of 1954 relating to definitions is extended to Guam by the revised section 4774, but under the revised section 4735 the island authorities are not given administrative power over section 4731. The

purpose of this is to withhold from the island authorities any authority to determine (with respect to Guam) what may be considered an opiate independent of the procedure outlined in section 4731 (g).

Section 21 of the bill would be covered by section 20 as revised above and should be deleted from the bill.

Section 23 relating to the prohibition on the importation, exportation, manufacture, etc., of marihuana in Guam is satisfactory to this Department. However, for technical reasons it is suggested that subsection (b) be amended to read as follows:

"(b) As used in subsection (a) of this section, the term 'marihuana' shall have the meaning now or hereafter acribed to it in section 4761 (2) of the Internal Revenue Code, and the term 'produce' shall mean (a) plant, cultivate, or in any way facilitate the natural growth of marihuana, or (b) harvest and transfer or make use of marihuana."

Section 31 of the bill recognizes that the Contraband Seizure Act (49 U. S. C. 781–788) is applicable to Guam and confers on the Governor of Guam the enforcement and administration of that act and related statutes. This Department approves of this section.

JANUARY 19, 1953.

Hon. CARLTON SKINNER,
Governor of Guam,
Agana, Guam.

MY DEAR GOVERNOR SKINNER: This is in further reference to your letter of October 7, 1952, acknowledged November 10, 1952, in which you requested that the Secretary of the Treasury enter into an agreement with the Government of the territory of Guam to provide that that the Defense Department shall require its agencies in Guam to withhold from the wages of its alien employees who are subject to the income tax laws in force in Guam, pursuant to Public Law 587, 82d Congress.

It appears clear on examination of the legislative history of Public Law 587 that the Congress, by both intent and action, limited its applicability to the 48 States and the Territories of Alaska and Hawaii. The three identical bills originally introduced by Senator Flanders of Vermont (S. 1999), Representative Prouty of Vermont (H. R. 5157), and Mr. Farrington, Delegate from Hawaii (H. R. 5224), provided for participation in its provisions by "any State, Territory, or possession of the United States, or any political subdivision thereof" which imposes on employers generally the duty of withholding sums from the compensation of employees.

S. 1999 was passed by the Senate on March 24, 1952, in this form. When the House Ways and Means Committee took the bill under consideration it directed the staff of the Joint Committee on Internal Revenue Taxation to work with the Treasury Department with a view to development of appropriate limitations which would insure that the legislation would not create unreasonable administrative burdens for the Federal Government. The staffs recommended to the committee that the bills be revised to contain a number of limitations, one of which was that the Federal Government should consent to comply only with the withholding statutes of States or Territories. Representative Prouty's remarks in the House on July 4, 1952, (98th Congressional Record 9448) makes reference to the work of these staffs and the changes in the original bill which resulted therefrom.

On July 3, 1952, H. R. 5157 was reported with amendments and ordered to be printed. Under the amendments, the former references to "possessions" and "political subdivisions" were eliminated. House Report No. 2474, dated July 3, 1952, accompanying H. R. 5157, although it did not explain the above elimination, referred to the applicability of the legislation only to "States or Territories" and noted that the Territories of Alaska and Hawaii and the States of Vermont and Oregon had withholding statutes which apply to salaries of both residents and nonresidents.

On July 4, 1952, S. 1999 was passed by the House with an amendment which was identical with the amendment with which H. R. 5157 was reported on July 3. On the same date the Senate concurred in the House amendments. The bill as thus passed incorporated the limitation described above.

As you know, the Organic Act of Guam declares Guam to be an "unincorporated territory" of the United States. The committee reports on the bill that became the Organic Act would seem to make it clear that this descriptive language does not confer the status of "Territory" as that term is used in Public 587 and as is conferred on both Alaska and Hawaii by their organic acts wherein it is specified that certain "territory * * * shall be and constitute the Territory of Alaska" and certain "islands * * * shall be known as the Territory of Hawaii." For example, the report of the Senate committee contains this explanation: "Section 3 of the bill sets forth in specific language that Guam is declared by the act to be 'an unincorporated territory.' Thus it has the same legal status as Puerto Rico and the Virgin Islands, and is not similar to that of Alaska and Hawaii."

For the foregoing reasons, the Treasury Department feels that it has no legal authority to enter into an agreement with the Government of Guam pursuant to the provisions of Public Law 587.

Very truly yours,

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(NOTE.—The section reference in parentheses preceding the citation relates to the section of the bill, as reported.)

(Sec. 1) Section 101 (a) (1), (a) (8) (A), and (a) (9) (A) of the Federal Seed Act of August 9, 1939 (53 Stat. 1275, 1277; 7 U. S. C. 1561 (a), (a) (8), (a) (9))

SECTION 101. (a) When used in this Act—

(1) The term "United States" means the several States, Alaska, District of Columbia, Hawaii, *Guam*, and Puerto Rico.

* * * * * * *

(8) (A) For the purpose of title II, the term "weed seeds" means the seeds or bulblets of plants recognized as weeds either by the law or rules and regulations of—

(i) The State into which the seed is offered for transportation, or transported; or

(ii) Alaska, Hawaii, Puerto Rico, *Guam*, or District of Columbia into which transported, or District of Columbia in which sold.

* * * * * * *

(9) (A) For the purpose of title II, the term "noxious-weed seeds" means the seeds or bulblets of plants recognized as noxious—

(i) by the law or rules and regulations of the State into which the seed is offered for transportation, or transported;

(ii) by the law or rules and regulations of Alaska, Hawaii, Puerto Rico, *Guam*, or the District of Columbia, into which transported, or District of Columbia in which sold; or

(iii) by the rules and regulations of the Secretary of Agriculture under this Act, when after investigation he shall determine that a weed is noxious in the United States or in any specifically designated area thereof.

(Sec. 3) Section 3 (a), (d), (e), (l), (m), and (o) of the Federal Deposit Insurance Act (64 Stat. 873 and 874; 12 U. S. C. 1813)

SEC. 3. As used in this Act—

(a) The term "State bank" means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits, other than trust funds as herein defined, and which is incorporated under the laws of any State, any Territory of the United States, Puerto Rico, *Guam*, or the Virgin Islands, or which is operating under the Code of Law for the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date of this amendment.

* * * * * * *

(d) The term "national member bank" means any national bank located in any of the States of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, *Guam*, or the Virgin Islands which is a member of the Federal Reserve System.

(e) The term "national nonmember bank" means any national bank located in any Territory of the United States, Puerto Rico, *Guam*, or the Virgin Islands which is not a member of the Federal Reserve System.

* * * * * * *

(l) The term "deposit" means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the Board of Directors shall find and shall prescribe by its regulations to be deposit liabilities by general usage: *Provided*, That any obligation of a bank which is payable only at an office of the bank located outside the States of the United States, the District of Columbia, any

Territory of the United States, Puerto Rico, *Guam*, and the Virgin Islands, shall not be a deposit for any of the purposes of this Act or be included as a part of total deposits or of an insured deposit: *Provided further*, That any insured bank having its principal place of business in any of the States of the United States or in the District of Columbia which maintains a branch in any Territory of the United States, Puerto Rico, or the Virgin Islands may elect to exclude from insurance under this Act its deposit obligations which are payable only at such branch, and upon so electing the insured bank with respect to such branch shall comply with the provisions of this Act applicable to the termination of insurance by nonmember banks: *Provided further*, That the bank may elect to restore the insurance to such deposits at any time its capital stock is unimpaired.

(m) The term "insured deposit" means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part thereof which is in excess of $10,000. Such net amount shall be determined according to such regulations as the Board of Directors may prescribe, and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the names of others except trust funds which shall be insured as provided in subsection (i) of section 7. Each officer, employee, or agent of the United States, of any State of the United States, of the District of Columbia, of any Territory of the United States, of Puerto Rico, *of Guam*, of the Virgin Islands, of any county, of any municipality, or of any political subdivision thereof, herein called "public unit", having official custody of public funds and lawfully depositing the same in an insured bank shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee, or agent of the same or any public unit having official custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity.

* * * * * * *

(o) The term "branch" includes any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State of the United States or in any Territory of the United States, Puerto Rico, *Guam*, or the Virgin Islands at which deposits are received or checks paid or money lent.

(Sec. 4) Section 5 of the Act of March 9, 1945 (59 Stat. 33, 34; 15 U. S. C., sec. 1015)

That the Congress hereby declares that the continued regulation and taxation by the several States of the business of insurance is in the public interest, and that silence on the part of the Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several States.

* * * * * * *

SEC. 5. As used in this Act, the term "State" includes the several States, Alaska, Hawaii, Puerto Rico, *Guam*, and the District of Columbia.

(Sec. 5) Section 2 of the Act of June 3, 1948 (62 Stat. 334; 16 U. S. C., sec. 8f)

That the Secretary of the Interior is authorized in his discretion, subject to such conditions as may seem to him proper, to convey by proper quitclaim deed to any State, county, municipality, or proper agency thereof, in which the same is located, all the right, title, and interest of the United States in and to any Government owned or controlled road leading to any national cemetery, national military park, national historical park, national battlefield park, or national historic site administered by the National Park Service. * * *

SEC. 2. The word "State" as used in this Act includes Hawaii, Alaska, Puerto Rico, *Guam*, and the Virgin Islands.

(Sec. 6) Section 4 of the Act of June 23, 1936 (49 Stat. 1894, 1895; 16 U. S. C., sec. 17n)

That the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized and directed to cause the National Park Service to make a comprehensive study, other than on lands under the jurisdiction of the Department of Agriculture, of the public park, parkway, and recreational-area programs of the United States, and of the several States and political subdivisions thereof, and of the lands throughout the United States which are or may be chiefly valuable as such areas, but no such study shall be made in any State without the consent and approval of the State officials, boards, or departments having jurisdiction over such lands and park areas. * * *

SEC. 4. As used in sections 1 and 2 of this Act the term "State" shall be deemed to include Hawaii, Alaska, Puerto Rico, *Guam*, the Virgin Islands, and the District of Columbia.

(Sec. 7) Section 8 (a) of the Act of September 2, 1937 (50 Stat. 917), as amended (16 U. S. C., sec. 669g–1)

SEC. 8. (a) The Secretary of the Interior is authorized to cooperate with the Alaska Game Commission, the Division of Game and Fish of the Board of Commissioners of Agriculture and Forestry of Hawaii, the Commissioner of Agriculture and Commerce of Puerto Rico, [and] the Governor of the Virgin Islands, *and the Governor of Guam*, in the conduct of wildlife-restoration projects, as defined in section 2 of this Act, upon such terms and conditions as he shall deem fair, just, and equitable, and is authorized to apportion to said Territories, Puerto Rico, [and] the Virgin Islands, *and Guam*, out of money available for apportionment under this Act, such sums as he shall determine, not exceeding $75,000 for Alaska, not exceeding $25,000 for Hawaii, and not exceeding $10,000 each for Puerto Rico, [and] the Virgin Islands, *and Guam*, in any one year, which apportionments, when made, shall be deducted before making the apportionments to the States provided for by [this Act] *said sections*; but the Secretary shall in no event require any of said cooperating agencies to pay an amount which will exceed 25 per centum of the cost of any project. Any unexpended or unobligated balance of any apportionment made pursuant to this section shall be available for expenditure in the Territories, Puerto Rico, [or] the Virgin Islands, *or Guam*, as the case may be, in the succeeding year, on any approved project, and if

unexpended or unobligated at the end of such year is authorized to be made available for expenditure by the Secretary of the Interior in carrying out the provisions of the Migratory Bird Conservation Act.

(Sec. 8) Section 12 of the Act of August 9, 1950 (64 Stat. 430, 434; 16 U. S. C., sec. 777k)

SEC. 12. The Secretary of the Interior is authorized to cooperate with the Alaska Game Commission, the Division of Game and Fish of the Board of Commissioners of Agriculture and Forestry of Hawaii, the Commissioner of Agriculture and Commerce of Puerto Rico, [and] the Governor of the Virgin Islands, *and the Governor of Guam,* in the conduct of fish restoration and management projects, as defined in section 2 of this Act, upon such terms and conditions as he shall deem fair, just, and equitable, and is authorized to apportion to said Territories, Puerto Rico, [and] the Virgin Islands, *and Guam,* out of money available for apportionment under [this] *the* Act, such sums as he shall determine, not exceeding $75,000 for Alaska, not exceeding $25,000 for Hawaii, and not exceeding $10,000 each for [Puerto Rico and the Virgin Islands] *Puerto Rico, the Virgin Islands, and Guam,* in any one year, which apportionments, when made, shall be deducted before making the apportionments to the States provided for by this Act; but the Secretary shall in no even require any of said cooperating agencies to pay an amount which will exceed 25 per centum of the cost of any project. Any unexpended or unobligated balance of any apportionment made pursuant to this section shall be available for expenditure in the Territories, Puerto Rico, [or] the Virgin Islands, *or Guam,* as the case may be, in the succeeding year, on any approved project, and if unexpended or unobligated at the end of such year is authorized to be made available for expenditure by the Secretary of the Interior in carrying on the research program of the Fish and Wildlife Service in respect to fish of material value for sport *or* recreation.

(Sec. 10) Act of September 30, 1950 (64 Stat. 1100; 20 U. S. C., sec. 236 and the following), as amended by the Act of August 8, 1953 (67 Stat. 530)

DECLARATION OF POLICY

SECTION 1. In recognition of the responsibility of the United States for the impact which certain Federal activities have on the local educational agencies in the areas in which such activities are carried on, the Congress hereby declares it to be the policy of the United States to provide financial assistance (as set forth in the following sections of this Act) for those local educational agencies upon which the United States has placed financial burdens by reason of the fact that—

(1) the revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States; or

(2) such agencies provide education for children residing on Federal property; or

(3) such agencies provide education for children whose parents are employed on Federal property; or

(4) there has been a sudden and substantial increase in school attendance as the result of Federal activities.

FEDERAL ACQUISITION OF REAL PROPERTY

SEC. 2. (a) Where the Commissioner, after consultation with any local educational agency and with the appropriate State educational agency, determines for the fiscal year beginning July 1, 1950, or for any of the five succeeding fiscal years—

(1) that the United States owns Federal property in the school district of such local educational agency, and that such property (A) has been acquired by the United States since 1938, (B) was not acquired by exchange for other Federal property in the school district which the United States owned before 1939, and (C) had an assessed value (determined as of the time or times when so acquired) aggregating 10 per centum or more of the assessed value of all real property in the school district (similarly determined as of the time or times when such Federal property was so acquired); and

(2) that such acquisition has placed a substantial and continuing financial burden on such agency; and

(3) that such agency is not being substantially compensated for the loss in revenue resulting from such acquisition by (A) other Federal payments with respect to the property so acquired, or (B) increases in revenue accruing to the agency from the carrying on of Federal activities with respect to the property so acquired,

then the local educational agency shall be entitled to receive for such fiscal year such amount as, in the judgment of the Commissioner, is equal to the continuing Federal responsibility for the additional financial burden with respect to current expenditures placed on such agency by such acquisition of property, to the extent such agency is not compensated for such burdern by other Federal payments with respect to the property so acquired. Such amount shall not exceed the amount which, in the judgment of the Commissioner, such agency would have derived in such year, and would have had available for current expenditures, from the property acquired by the United States (such amount to be determined without regard to any improvements or other changes made in or on such property since such acquisition), minus the amount which in his judgment the local educational agency derived from other Federal payments with respect to the property so acquired and had available in such year for current expenditures.

(b) For the purposes of this section—

(1) The term "other Federal payments" means payments in lieu of taxes, and any other payments, made with respect to Federal property pursuant to any law of the United States other than this Act, and property taxes paid with respect to Federal property, whether or not such taxes are paid by the United States.

(2) Any real property with respect to which payments are being made under section 13 of the Tennessee Valley Authority Act of 1933, as amended, shall not be regarded as Federal property.

(c) Where the school district of any local educational agency shall have been formed at any time after 1938 by the consolidation of two or more former school districts, such agency may elect (at the time it files application under section 5) for any fiscal year to have (1) the eligibility of such local educational agency, and (2) the amount which

such agency shall be entitled to receive, determined under this section only with respect to such of the former school districts comprising such consoliated school district as the agency shall designate in such election.

Children Residing on, or Whose Parents Are Employed on, Federal Property

CHILDREN OF PERSONS WHO RESIDE AND WORK ON FEDERAL PROPERTY

Sec. 3. (a) For the purpose of computing the amount to which a local educational agency is entitled under this section for any fiscal year ending prior to July 1, 1956, the Commissioner shall determine the number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during the preceding fiscal year, and who, while in attendance at such schools, resided on Federal property and (1) did so with a parent employed on Federal property situated in whole or in part in the same State as the school district of such agency or situated within reasonable commuting distance from the school district of such agency, or (2) had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949).

CHILDREN OF PERSONS WHO RESIDE OR WORK ON FEDERAL PROPERTY

(b) For such purpose, the Commissioner shall also determine the number of children who were in average daily attendance at the schools of a local educational agency, and for whom such agency provided free public education, during the preceding fiscal year (other than those specified in subsection (a) hereof) and who, while in attendance at such schools, either resided on Federal property, or resided with a parent employed on Federal property situated in whole or in part in the same State as such agency or situated within reasonable commuting distance from the school district of such agency.

COMPUTATION OF AMOUNT OF ENTITLEMENT

(c) (1) The amount to which a local educational agency is entitled under this section for any fiscal year ending prior to July 1, 1956, shall be an amount equal to (A) the local contribution rate (determined under subsection (d)) multiplied by (B) the sum of the number of children determined under subsection (a) and one-half of the number determined under subsection (b), minus 3 per centum of the difference between such sum and the total number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during the preceding fiscal year; except that no local educational agency shall be entitled to any payment under this section for any fiscal year unless the sum of the number of children determined under subsection (a) and one-half of the number of children determined under subsection (b) is ten or more. Notwithstanding the foregoing provisions of this paragraph, whenever and to the extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this Act, the Commis-

sioner may waive or reduce the 3 per centum deduction, or the requirement of ten or more children, contained in this paragraph, or both.

(2) If—

(A) the amount computed under paragraph (1) for a local educational agency for any fiscal year ending prior to July 1, 1956, together with the funds available to such agency from State, local, and other Federal sources (including funds available under section 4 of this Act) is, in the judgment of the Commissioner, less than the amount necessary to enable such agency to provide a level of education equivalent to that maintained in the school districts of the State which, in the judgment of the Commissioner, are generally comparable to the school district of such agency;

(B) such agency is, in the judgment of the Commissioner, making a reasonable tax effort and exercising due diligence in availing itself of State and other financial assistance;

(C) not less than 50 per centum of the total number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during the preceding fiscal year resided on Federal property; and

(D) effective for the fiscal year beginning July 1, 1955, the eligibility of such agency under State law for State aid with respect to the free public education of children residing on Federal property, and the amount of such aid, is determined on a basis no less favorable to such agency than the basis used in determining the eligibility of local educational agencies for State aid, and the amount thereof, with respect to the free public education of other children in the State,

the Commissioner may increase the amount computed under paragraph (1) to the extent necessary to enable such agency to provide a level of education equivalent to that maintained in such comparable school districts; except that this paragraph shall in no case operate to increase the amount computed for any fiscal year under paragraph (1) for a local educational agency above the amount determined by the Commissioner to be the cost per pupil of providing a level of education equivalent to that maintained in such comparable school districts, multiplied by the number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during the preceding year and who resided on Federal property during such preceding year, minus the amount of State aid which the Commissioner determines to be available with respect to such children for the year for which the computation is being made.

LOCAL CONTRIBUTION RATE

(d) The local contribution rate for a local educational agency (other than a local educational agency in Alaska, Hawaii, Puerto Rico, Wake Island, *Guam*, or the Virgin Islands) for any fiscal year shall be computed by the Commissioner of Education, after consultation with the State educational agency and the local educational agency, in the following manner:

(1) he shall determine which school districts within the State are in his judgment generally comparable to the school district of the agency for which the computation is being made; and

(2) he shall then divide (A) the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which he is making the computation, which the local educational agencies of such comparable school districts made from revenues derived from local sources, by (B) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year. The local contribution rate shall be an amount equal to the quotient obtained under clause (2) of this subsection. If, in the judgment of the Commissioner, the current expenditures in those school districts which he has selected under clause (1) are not reasonably comparable because of unusual geographical factors which affect the current expenditures necessary to maintain, in the school district of the local educational agency for which the computation is being made, a level of education equivalent to that maintained in such other districts, the Commissioner may increase the local contribution rate for such agency by such amount as he determines will compensate such agency for the increase in current expenditures necessitated by such unusual geographical factors. In no event shall the local contribution rate for any local educational agency in any State in the continental United States for any fiscal year be less than 50 per centum of (i) the aggregate current expenditures, during the second fiscal year preceding such fiscal year, made by all local educational agencies in such State (without regard to the source of the funds from which such expenditures were made), divided by (ii) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year. The local contribution rate for any local educational agency in Alaska, Hawaii, Puerto Rico, Wake Island, *Guam*, or the Virgin Islands, shall be determined for any fiscal year by the Commissioner in accordance with policies and principles which will, in his judgment, best effectuate the purposes of this Act and most nearly approximate the policies and principles provided herein for determining local contribution rates in other States.

CERTAIN FEDERAL CONTRIBUTIONS TO BE DEDUCTED

(e) In determining the total amount which a local educational agency is entitled to receive under this section (other than subsection (c) (2) of this section) for a fiscal year, the Commissioner shall deduct (1) such amount as he determines such agency derived from other Federal payments (as defined in section 2 (b) (1)) and had available in such year for current expenditures (but only to the extent such payments are not deducted under the last sentence of section 2 (a); and, in the case of Federal payments representing an allotment to the local educational agency from United States Forestry Reserve funds, Taylor Grazing Act funds, United States Mineral Lease Royalty funds, Migratory Bird Conservation Act funds, or similar funds, only to the extent that children who reside on or with a parent employed on the property with respect to which such funds are paid are included in determining the amount to which such agency is entitled under this section), and (2) such amount as he determines to be the value of transportation and of custodial and other maintenance services furnished such agency by the Federal Government during such year.

INCREASES HEREAFTER OCCURRING

SEC. 4. (a) If the Commissioner determines for any fiscal year ending prior to July 1, 1956—

(1) that, as a direct result of activities of the United States (carried on either directly or through a contractor), an increase in the number of children in average daily attendance at the schools of any local educational agency has occurred in such fiscal year, which increase so resulting from activities of the United States is equal to at least 5 per centum of the number of all children in average daily attendance at the schools of such agency during the preceding fiscal year; and

(2) that such activities of the United States have placed on such agency a substantial and continuing financial burden; and

(3) that such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance but is unable to secure sufficient funds to meet the increased educational costs involved.

then such agency shall be entitled to receive for such fiscal year an amount equal to the product of—

(A) the number of children which the Commissioner determines to be the increase, so resulting from activities of the United States, in such year in average daily attendance; and

(B) the amount which the Commissioner determines to be the current expenditures per child necessary to provide free public education to such additional children during such year, minus the amount which the Commissioner determines to be available from State, local, and Federal sources for such purpose (not counting as available for such purpose either payments under section 2 of this Act or funds from local sources necessary to provide free public education to other children).

For the next fiscal year (except where the determination under the preceding sentence has been made with respect to the fiscal year ending June 30, 1956) such agency shall be entitled to receive 50 per centum of such product, but not to exceed for such year the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the school districts in such State which in his judgment are generally comparable to the school district of such agency. The determinations whether an increase has occurred for purposes of clause (1) hereof and whether such increase meets the 5 per centum requirement contained in such clause, for any fiscal year, shall be made on the basis of estimates by the Commissioner made prior to the close of such year, except that an underestimate made by the Commissioner pursuant to the foregoing provisions of this sentence shall not operate to deprive an agency of its entitlement to any payments under this section to which it would be entitled had the estimate been accurate. The determination under clause (B) shall be made by the Commissioner after considering the current expenditures per child in providing free public education in those school districts in the State which, in the judgment of the Commissioner, are generally comparable to the school district of the local educational agency for which the computation is being made.

INCREASES HERETOFORE OCCURRING

(b) (1) If the Commissioner determines in any fiscal year ending before July 1, 1954,—

(A) that, as the result of activities of the United States (carried on either directly or through a contractor), an increase in the number of children in average daily attendance at the schools of any local educational agency has occurred after June 30, 1939, and before July 1, 1950; and

(B) that the portion of such increase so resulting from activities of the United States which still exists in such fiscal year amounts to not less than 25 per centum (or to not less than 15 per centum where, in the judgment of the Commissioner, exceptional circumstances exist which would make the application of the 25 per centum condition of entitlement inequitable and would defeat the purposes of this Act) of the number of all children in average daily attendance at the schools of such agency during the fiscal year ending June 30, 1939; and

(C) that such activities of the United States have placed on such agency a substantial and continuing financial burden; and

(D) that such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance but is unable to secure sufficient funds to meet the increased educational costs involved,

then such agency shall be entitled to receive for the fiscal year in which the determination is made, and for each succeeding fiscal year ending before July 1, 1954, an amount determined as follows: For the fiscal year ending June 30, 1951, 100 per centum of the product determined as provided in paragraph (2); for the fiscal year ending June 30, 1952, 75 per centum of such product; for the fiscal year ending June 30, 1953, 50 per centum of such product; and for the fiscal year ending June 30, 1954, 25 per centum of such product.

(2) The product referred to in paragraph (1) for a fiscal year shall be an amount equal to—

(A) the number of children which the Commissioner determines to be the increase in average daily attendance at the schools of such agency, so resulting from activities of the United States, which still exists in such fiscal year (determined as provided in clauses (A) and (B) of paragraph (1)); multiplied by

(B) the amount which the Commissioner determines to be the current expenditures per child necessary to provide free public education to such additional children during such year, minus the amount which the Commissioner determines to be available from Federal, State, and local sources for such purpose (not counting as available for such purpose either payments under this Act, or funds from local sources required to meet current expenditures necessary to provide free public education to other children).

The number of children which the Commissioner determines under clause (A) to be the increase in average daily attendance which still exists in any fiscal year shall not exceed the number of all children in average daily attendance at the schools of such agency during such year, minus the number of all children in average daily attendance at the schools of such agency during the fiscal year ending June 30, 1939. The determination under clause (B) shall be made by the Commis-

sioner after considering the current expenditures per child in providing free public education in those school districts within the State which, in the judgment of the Commissioner, are most nearly comparable to the school district of the local educational agency for which the computation is being made.

COUNTING OF CERTAIN CHILDREN

(c) In determining under subsection (a) whether there has been an increase in attendance in any fiscal year directly resulting from activities of the United States and the number of children with respect to whom payment is to be made for any fiscal year, the Commissioner shall not count children whose attendance is attributable to activities of the United States carried on in connection with real property which has been excluded from the definition of Federal property by the last sentence of paragraph (1) of section 9, but shall count as an increase directly resulting from activities of the United States an increase in the number of children who reside on Federal property or reside with a parent employed on Federal property.

ADJUSTMENT FOR CERTAIN DECREASES IN FEDERAL ACTIVITIES

(d) Whenever the Commissioner determines that—

(1) a local educational agency has made preparations to provide during a fiscal year free public education for a certain number of children to whom subsection (a) applies;

(2) such preparations were in his judgment reasonable in the light of the information available to such agency at the time such preparations were made; and

(3) such number has been substantially reduced by reason of a decrease in or cessation of Federal activities or by reason of a failure of any of such activities to occur,

the amount to which such agency is otherwise entitled under this section for such year shall be increased to the amount to which, in the judgment of the Commissioner, such agency would have been entitled but for such decrease in or cessation of Federal activities or the failure of such activities to occur, minus any reduction in current expenditures for such year which the Commissioner determines that such agency has effected, or reasonably should have effected, by reason of such decrease in or cessation of Federal activities or the failure of such activities to occur.

CONSULTATION WITH STATE AND LOCAL AUTHORITIES

(e) All determinations of the Commissioner under this section shall be made only after consultation with the State educational agency and the local educational agency.

Method of Making Payments

APPLICATION

Sec. 5. (a) No local educational agency shall be entitled to any payment under section 2, 3, or 4 of this Act for any fiscal year except upon application therefor, submitted through the State educational agency and filed in accordance with regulations of the Commissioner,

which application gives adequate assurance that the local educational agency will submit such reports as the Commissioner may reasonably require to determine the amount to which such agency is entitled under this Act.

PAYMENT

(b) The Commissioner shall, subject to the provisions of subsection (c), from time to time pay to each local educational agency, in advance or otherwise, the amount which he estimates such agency is entitled to receive under this Act. Such estimates shall take into account the extent (if any) to which any previous estimate of the amount to be paid such agency under this Act (whether or not in the same fiscal year) was greater or less than the amount which should have been paid to it. Such payments shall be made through the disbursing facilities of the Department of the Treasury and prior to audit or settlement by the General Accounting Office.

ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS

(c) If the funds appropriated for a fiscal year for making the payments provided in this Act are not sufficient to pay in full the total amounts which the Commissioner estimates all local educational agencies will be entitled to receive under this Act for such year, the Commissioner shall, subject to any limitation contained in the Act appropriating such funds, allocate such funds, other than so much thereof as he estimates to be required for section 6, among sections 2, 3,and 4 (a) in the proportion that the amount he estimates to be required under each such section bears to the total estimated to be required under all such sections. The amount thus allocated to any such section shall be available for payment of a percentage of the amount to which each local educational agency is entitled under such section (including, in the case of section 3, any increases under subsection (c) (2) thereof), such percentage to be equal to the percentage which the amount thus allocated to such section is of the amount to which all such agencies are entitled under such section. In case the amount so allocated to a section for a fiscal year exceeds the total to which all local educational agencies are entitled under such section for such year or in case additional funds become available for carrying out such sections, the excess, or such additional funds, as the case may be, shall be allocated by the Commissioner, among the sections for which the previous allocations are inadequate, on the same basis as is provided above for the initial allocation.

CHILDREN FOR WHOM LOCAL AGENCIES ARE UNABLE TO PROVIDE EDUCATION

SEC. 6. (a) In the case of children who reside on Federal property—

(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

(2) if it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children,

the Commissioner shall make such arrangements (other than arrangements with respect to the acquisition of land, the erection of facilities, interest, or debt service) as may be necessary to provide free public education for such children. To the maximum extent practicable, the local educational agency, or the head of the Federal department or agency, with which any arrangement is made under this section shall take such action as may be necessary to ensure that the education provided pursuant to such arrangement is comparable to free public education provided for children in comparable communities in the State, or, in the case of education provided under this section outside the continental United States, Alaska, and Hawaii, comparable to free public education provided for children in the District of Columbia. For the purpose of providing such comparable education, personnel may be employed without regard to the civil-service or classification laws. In any case where education was being provided on January 1, 1955, or thereafter under an arrangement made under this subsection for children residing on an Army, Navy (including the Marine Corps), or Air Force installation, it shall be presumed, for the purposes of this subsection, that no local educational agency is able to provide suitable free public education for the children residing on such installation, until the Commissioner and the Secretary of the military department concerned jointly determine, after consultation with the appropriate State educational agency, that a local educational agency is able to do so.

(b) In any case in which the Commissioner makes such arrangements for the provision of free public education in facilities situated on Federal property, he may also make arrangements for providing free public education in such facilities for children residing in any area adjacent to such property with a parent who, during some portion of the fiscal year in which such education is provided, was employed on such property, but only if the Commissioner determines after consultation with the appropriate State educational agency (1) that the provision of such education is appropriate to carry out the purposes of this Act, (2) that no local educational agency is able to provide suitable free public education for such children, and (3) in any case where in the judgment of the Commissioner the need for the provision of such education will not be temporary in duration, that the local educational agency of the school district in which such children reside, or the State educational agency, or both, will make reasonable tuition payments to the Commissioner for the education of such children. Such payments may be made either directly or through deductions from amounts to which the local educational agency is entitled under this Act, or both, as may be agreed upon between such agency and the Commissioner. Any amounts paid to the Commissioner by a State or local educational agency pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

(c) In any case in which the Commissioner makes arrangements under this section for the provisions of free public education in facilities situated on Federal property in Puerto Rico, Wake Island, *Guam*, or the Virgin Islands, he may also make arrangements for providing free public education in such facilities for children residing with a parent employed by the United States, but only if the Commissioner determines after consultation with the appropriate State educational

agency (1) that the provision of such education is appropriate to carry out the purposes of this Act, and (2) that no local educational agency is able to provide suitable free public education for such children.

(d) The Commissioner may make an arrangement under this section only with a local educational agency or with the head of a Federal department or agency administering Federal property on which children reside who are to be provided education pursuant to such arrangement. Arrangements may be made under this section only for the provision of education in facilities of a local educational agency or in facilities situated on Federal property.

(e) To the maximum extent practicable, the Commissioner shall limit the total payments made pursuant to any such arrangement for educating children within the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the per pupil cost of free public education provided for children in comparable communities in the State. The Commissioner shall limit the total payments made pursuant to any such arrangement for educating children outside the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the amount he determines to be necessary to provide education comparable to the free public education provided for children in the District of Columbia.

(f) In the administration of this section, the Commissioner shall not exercise any direction, supervision, or control over the personnel, curriculum, or program of instruction of any school or school system.

Administration

Sec. 7. (a) In the administration of this Act, no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the personnel, curriculum, or program of instruction of any school or school system of any local or State educational agency.

(b) The Commissioner shall administer this Act, and he may make such regulations and perform such other functions as he finds necessary to carry out the provisions of this Act.

(c) The Commissioner shall include in his annual report to the Congress a full report of the administration of his functions under this Act, including a detailed statement of receipts and disbursements.

Use of Other Federal Agencies; Transfer and Availability of Appropriations

Sec. 8. (a) In carrying out his functions under this Act, the Commissioner is authorized, pursuant to proper agreement with any other Federal department or agency, to utilize the services and facilities of such department or agency, and, when he deems it necessary or appropriate, to delegate to any officer or employee thereof the function under section 6 of making arrangements for providing free public education. Payment to cover the cost of such utilization or of carrying out such delegated function shall be made either in advance or by way of reimbursement, as may be provided in such agreement. The Commissioner is authorized to delegate to any officer or employee of the Office of Education any of his functions under this Act except the making of regulations.

(b) All Federal departments or agencies administering Federal property on which children reside, and all such departments or agencies principally responsible for Federal activities which may occasion assistance under this Act, shall to the maximum extent practicable comply with requests of the Commissioner for information he may require in carrying out the purposes of this Act.

(c) Such portion of the appropriations of any other department or agency for the fiscal year ending June 30, 1951, as the Director of the Bureau of the Budget determines to be available for the same purposes as this Act, shall, except to the extent necessary to carry out during such year contracts made prior to the enactment of this Act, be transferred to the Commissioner for use by him in carrying out such purposes.

(d) No appropriation to any department or agency of the United States, other than an appropriation to carry out this Act, shall be available during the period beginning July 1, 1953, and ending June 30, 1956, for the employment of teaching personnel for the provision of free public education for children in any State or for payments to any local educational agency (directly or through the State educational agency) for free public education for children, except that nothing in the foregoing provisions of this subsection shall affect the availability of appropriations for the maintenance and operation of school facilities (1) on Federal property under the control of the Atomic Energy Commission or (2) by the Bureau of Indian Affairs.

DEFINITIONS

SEC. 9. For the purposes of this Act—

(1) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by the District of Columbia. Such term includes real property which is owned by the United States and leased therefrom and the improvements thereon, even though the lessee's interest, or any improvement on such property, is subject to taxation by a State or a political subdivision of a State or by the District of Columbia. Such term also includes real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States. Notwithstanding the foregoing provisions of this paragraph, such term does not include (A) any real property used by the United States primarily for the provision of services to the local area in which such property is situated, (B) any real property used for a labor supply center, labor home, or labor camp for migratory farm workers, or (C) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 671 of the Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

(2) The term "child" means any child who is within the age limits for which the applicable State provides free public education. Such term does not include any child who is a member, or the dependent of a member, of any Indian tribal organization, recognized as such under

the laws of the United States relating to Indian affairs, and who is eligible for educational services provided pursuant to a capital grant by the United States, or under the supervision of, or pursuant to a contract or other arrangement with, the Bureau of Indian Affairs.

(3) The term "parent" includes a legal guardian or other person standing in loco parentis.

(4) The term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State.

(5) The term "current expenditures" means expenditures for free public education to the extent that such expenditures are made from current revenues, except that such term does not include any such expenditure for the acquisition of land, the erection of facilities, interest, or debt service.

(6) The term "local educational agency" means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities providing free public education.

(7) The term "State educational agency" means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

(8) The term "State" means a State, Alaska, Hawaii, Puerto Rico, *Wake Island, Guam*, or the Virgin Islands.

(9) The terms "Commissioner of Education" and "Commissioner" means the United States Commissioner of Education.

(10) Average daily attendance shall be determined in accordance with State law; except that, notwithstanding any other provision of this Act, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this Act the attendance of such child at such school shall be held and considered (A) to be attendance at a school of the local educational agency so making or contracting to make such tuition payment, and (B) not to be attendance at a school of the local educational agency receiving such tuition payment or entitled to receive such tuition payment under the contract.

ELECTION TO RECEIVE CERTAIN PAYMENTS WITH RESPECT TO THE EDUCATION OF INDIAN CHILDREN

SEC. 10. (a) The Governor of any State may elect to have the provisions of this section apply with respect to such State for the fiscal year ending June 30, 1955, or the succeeding fiscal year. Notice of such an election shall be filed with the Secretary of the Interior and with the Commissioner of Education (1) before January 1, 1954, in the case of an election for the fiscal year ending June 30, 1955, and (2) before January 1, 1955, in the case of an election for the fiscal year ending June 30, 1956.

(b) Whenever the Governor of a State has made such an election and has so filed notice thereof, then with respect to such State for the fiscal year for which such election was made—

(1) an Indian child who does not meet the requirements of clause (1) of section 3 (a) shall be deemed to meet such requirements if neither of his parents was regularly employed on non-Federal property; and

(2) notwithstanding the second sentence of section 9 (2), the term "child" as used in this Act (other than section 6) shall be deemed to include an Indian child.

(c) As used in this section, the term "Indian child" means any child of one-fourth or more degree of Indian blood who is recognized as such under the laws of the United States relating to Indian affairs.

(Sec. 11) Section 210 (14) of the Act of September 23, 1950 (64 Stat. 967, 977; 20 U. S. C., sec. 251 and the following)

TITLE I—SURVEYS AND STATE PLANS FOR SCHOOL CONSTRUCTION

Authorization of Appropriation

SEC. 101. In order to assist the several States to inventory existing school facilities, to survey the need for the construction of additional facilities in relation to the distribution of school population, to develop State plans for school construction programs, and to study the adequacy of State and local resources available to meet school facilities requirements, there is hereby authorized to be appropriated the sum of $3,000,000, to remain available until expended. The sums appropriated pursuant to this section shall be used for making payments to States whose applications for funds for carrying out such purposes have been approved: *Provided,* That the making of grants under this title shall not in any way commit the Congress to authorize or appropriate funds to undertake the construction of any public works so planned.

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TITLE II—SCHOOL CONSTRUCTION IN FEDERALLY-AFFECTED AREAS

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Definitions

SEC. 210. For the purposes of this Act—

(1) * * *

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(14) The term "State" means a State, Alaska, Hawaii, Puerto Rico, *Guam,* or the Virgin Islands; except that for the purposes of title I the term includes, in addition, the District of Columbia.

(Secs. 12, 13, and 14) Sections 4705, 4715, 4716, 4735, and 4774 of the Internal Revenue Code of 1954

SEC. 4705. ORDER FORMS.

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(h) CROSS REFERENCE.—

For issuance of order forms in Puerto Rico and the Trust Territory of the Pacific Islands, see section 4735 (a). *For issuance of order forms in Guam, see section 4735 (d).*

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SEC. 4715. CROSS REFERENCES.

For penalties and other general and administrative provisions applicable to this subpart, see sections 4731 to 4736, inclusive; sections 4771 to 4776, inclusive; and subtitle F.

SEC. 4716. APPLICATION TO GUAM.

The provisions of this subpart shall be applicable to Guam, and in Guam the administration of this subpart shall be performed by the appropriate internal revenue officers of the Government of Guam, and all revenues collected thereunder in Guam shall accrue intact to the government thereof.

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SEC. 4735. ADMINISTRATION IN PUERTO RICO, THE TRUST TERRITORY OF THE PACIFIC ISLANDS, *GUAM*, THE CANAL ZONE, AND THE VIRGIN ISLANDS.

(a) PUERTO RICO AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS.—In Puerto Rico and the Trust Territory of the Pacific Islands, the administration of sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive, the collection of the special tax imposed by section 4721, and the issuance of the order forms specified in section 4705 shall be performed by the appropriate internal revenue officers of those governments, and all revenues collected thereunder in Puerto Rico and the Trust Territory of the Pacific Islands shall accrue intact to the general governments thereof, respectively. The highest court of original jurisdiction of the Trust Territory of the Pacific Islands shall possess and exercise jurisdiction in all cases arising in such Territory under sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive.

(b) CANAL ZONE.—The President is authorized and directed to issue such Executive orders as will carry into effect in the Canal Zone the intent and purpose of sections 4701 to 4707, inclusive, and sections 4721 to 4726, inclusive, by providing for the registration and the imposition of a special tax upon all persons in the Canal Zone who produce, import, compound, deal in, dispense, sell, distribute, or give away narcotic drugs.

(c) VIRGIN ISLANDS.—

For authority of the President to exempt persons in the Virgin Islands from the order form requirements, see section 4705 (b).

(d) *GUAM.—In Guam the administration of sections 4701 to 4707, inclusive; sections 4721 to 4726, inclusive; sections 4732 to 4734, inclusive; and insofar as they relate to narcotic drugs, sections 4771 to 4776, inclusive; the collections of the special tax imposed by section 4721 and the*

issuance of the order forms specified in section 4705, shall be performed by the appropriate internal revenue officers of Guam, and all revenues collected thereunder in Guam shall accrue intact to the general government thereof.

* * * * * * *

SEC. 4774. TERRITORIAL EXTENT OF LAW.

The provisio s of sections 4701 to 4707, inclusive, and sections 4721 to 4776, inclusive, shall apply to the several States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, and the insular possessions of the United States; and, in the case of narcotic drugs, shall also apply to the Trust Territory of the Pacific Islands and to the Canal Zone: *Provided, That (notwithstanding section 7651), sections 4741 to 4762, inclusive, and insofar as they relate to marihuana, sections 4771 to 4776, inclusive, shall not aplpy to Guam.*

(Sec. 16) Subsections (g), (h), and (i) of section 11 of the Vocational Rehabilitation Act (68 Stat. 652, 662)

That this Act may be cited as the "Vocational Rehabilitation Amendments of 1954".

* * * * * * *

(g) The term "State" includes Alaska, the District of Columbia, Hawaii, the Virgin Islands, and Puerto Rico, [and for purposes of section 4, includes also Guam] *and Guam.*

(h) (1) The "allotment percentage" for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum, and (B) the allotment percentage for Hawaii shall be 50 per centum, and the allotment percentage for Alaska, Puerto Rico, *Guam*, and the Virgin Islands shall be 75 per centum.

(2) The allotment percentages shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentages as soon as possible after the enactment of the Vocational Rehabilitation Amendments of 1954, which promulgation shall be conclusive for the three fiscal years in the period ending June 30, 1957.

(i) The "Federal share" for any State for any fiscal year (other than the fiscal year ending June 30, 1954) shall be 100 per centum less that percentage which bears the same ratio to 40 per centum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the Federal share shall in no case be more than 70 per centum or less than 50 per centum, and (B) the Federal share for Hawaii and Alaska shall be 60 per centum, and the Federal share for Puerto Rico, *Guam*, and the Virgin Islands shall be 70 per centum. In computing the

Federal share of a State for a year, the Secretary shall use the same figures for per capita incomes of the States and of the United States as he used in computing the allotment percentage of such State for such year.

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(Sec. 17) Section 3 (b) of the Act of June 6, 1933 (48 Stat. 113, 114), as amended (29 U. S. C., sec. 49b (b))

That in order to promote the establishment and maintenance of a national system of public employment officers there is created a bureau to be known as the United States Employment Service.

* * * * * * *

SEC. 3. (a) * * *

(b) Whenever in this Act the word "State" or "States" is used, it shall be understood to include Hawaii, Alaska, Puerto Rico, *Guam*, and the Virgin Islands.

Section 5 (b) of the Act of June 6, 1933 (48 Stat. 113, 115), as amended (29 U. S. C., sec. 49d (b))

SEC. 5. (a) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts from time to time as the Congress may deem necessary to carry out the purposes of this Act.

(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which (i), except in the case of Puerto Rico, *Guam*, and the Virgin Islands, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended, and (ii) is found to be in compliance with the Act of June 6, 1933 (48 Stat. 113), as amended, such amounts as the Secretary determines to be necessary for the proper and efficient administration of its public employment offices.

(Sec. 18) Section 314 of the Public Health Service Act (58 Stat. 682 693) as amended (42 U. S. C., sec. 246)

GRANTS AND SERVICES TO STATES

SEC. 314. (a) To enable the Surgeon General to carry out the purposes of section 301 with respect to developing more effective measures for the prevention, treatment, and control of venereal diseases, and to assist, through grants and as otherwise provided in this section, States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the prevention, treatment, and control of such diseases, including the training of personnel for State and local health work, and to enable him to prevent and control the spread of the venereal diseases in interstate traffic, and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist in carrying out the purposes of this section with respect to the venereal diseases, and to administer this section with respect to such diseases, there is hereby authorized to

be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subsection.

(b) To enable the Surgeon General to carry out the purposes of section 301 with respect to developing more effective measures for the prevention, treatment, and control of tuberculosis, and to assist, through grants and as otherwise provided in this section, States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the prevention, treatment, and control of such disease, including the provision of appropriate facilities for care and treatment and including the training of personnel for State and local health work, and to enable him to prevent and control the spread of tuberculosis in interstate traffic, and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist in carrying out the purposes of this section with respect to tuberculosis, and to administer this section with respect to such disease, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1945, the sum of $10,000,000, and for each fiscal year thereafter a sum sufficient to carry out the purposes of this subsection.

(c) To enable the Surgeon General to assist, through grants and as otherwise provided in this section, States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public health services, including grants for demonstrations and for training of personnel for State and local health work, there is hereby authorized to be appropriated for each fiscal year a sum not to exceed $30,000,000. Of the sum appropriated for each fiscal year pursuant to this subsection there shall be available an amount, not to exceed $3,000,000, to enable the Surgeon General to provide demonstrations and to train personnel for State and local health work and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist States in carrying out the purposes of this subsection.

(d) For each fiscal year, the Surgeon General, with the approval of the Administrator, shall determine the total sum from the appropriation under subsection (a), the total sum from the appropriation under subsection (b), and, within the limits specified in subsection (c), the total sum from the appropriation under that subsection which shall be available for allotment among the several States. He shall, in accordance with regulations, from time to time make allotments from such sums to the several States on the basis of (1) the population, (2) the extent of the venereal-disease problem, the extent of the tuberculosis problem, and the extent of the mental health problem and other special health problems, respectively, and (3) the financial need of the respective States. Upon making such allotments the Surgeon General shall notify the Secretary of the Treasury of the amounts thereof.

(e) To enable the Surgeon General to carry out the purposes of part B of title IV and to assist, through grants, States, counties, health districts, and other political subdivisions of the State, and public and nonprofit agencies, institutions, and other organizations, in establishing and maintaining organized community programs of heart disease control, including grants for demonstrations and the training of personnel, there is hereby authorized to be appropriated

for each fiscal year such sums as may be necessary for such purposes. For each fiscal year, the Surgeon General, with the approval of the Administrator, shall determine the total sum from the appropriation under this subsection which shall be available for allotment among the several States, and shall, in accordance with regulations, from time to time make allotments from such sum to the several States on the basis of (1) the population and (2) the financial need of the respective States. Upon making such allotments the Surgeon General shall notify the Secretary of the Treasury of the amounts thereof.

(f) The Surgeon General, with approval of the Administrator, shall from time to time determine the amounts to be paid to each State from the allotments to such State, and shall certify to the Secretary of the Treasury, the amounts so determined, reduced or increased, as the case may be, by the amounts by which he finds that estimates of required expenditures with respect to any prior period were greater or less than the actual expenditures for such period: PROVIDED, That in the case of amounts to be paid from allotments to any State under subsection (e), the Surgeon General may determine and certify to the Secretary of the Treasury amounts to be paid to a county, health district, other political subdivision of the State or to any public or nonprofit agency, institution, or other organization in the State, if he finds that payment to such subdivision or other organization has been recommended by the State health authority of the State, and (1) that the State health authority has not, prior to August 1 of the fiscal year for which the allotment is made, presented and had approved a plan in accordance with subsection (g), or (2) that the State health authority is not authorized by law to make payments to such other organization. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

(g) The moneys so paid to any State, or to any political subdivision or other organization, shall be expended solely in carrying out the purposes specified in subsection (a), or subsection (b), or subsection (c), or subsection (e), as the case may be, and in accordance with plans, approved by the Surgeon General, which have been presented by the health authority of such State, or, under the circumstances specified in subsection (f) (1), by the political subdivision, or the agency, institution or other organization to whom the payment is made, and, to the extent that any such plan contains provisions relating to mental health, by the mental health authority of such State.

(h) Money so paid from allotments under subsections (a), (b), (c), and (e), shall be paid upon the condition that there shall be spent in such State for the same general purpose, from funds of such State and its political subdivisions (or in the case of payments to a political subdivision or to an agency, institution or other organization under circumstances specified in subsection (f) (1), from funds of such political subdivision or organization), an amount determined in accordance with regulations.

(i) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to the health authority or, where appropriate, the mental health authority of the State (or, in the case of payments to any political subdivision or any agency, institution, or other organization under the circumstances specified in subsection (f) (1), such

subdivision or organization) finds that, with respect to money paid to the State, subdivision, or organization out of appropriations under subsection (a), or subsection (b), or subsection (c), or subsection (e), as the case may be, there is a failure to comply substantially with either—

(1) the provisions of this section;
(2) the plan submitted under subsection (g); or
(3) the regulations;

the Surgeon General shall notify such State health authority or mental health authority, political subdivision, or organization that further payments will not be made to the State subdivision, or organization, from appropriations under such subsection (or in his discretion that further payments will not be made to the State, subdivision, or organization from such appropriations for activities in which there is such failure), until he is satisfied that there will no longer be any such failure. Until he is so satisfied the Surgeon General shall make no further certification for payment to such State, subdivision, or organization from appropriations under such subsection, or shall limit payment to activities in which there is no such failure.

(j) All regulations and amendments thereto with respect to grants to States under this section shall be made after consultation with a conference of the State health authorities and, in the case of regulations or amendments which relate to or in any way affect grants under subsection (c) for work in the field of mental health, the State mental health authorities. Insofar as practicable, the Surgeon General shall obtain the agreement, prior to the issuance of any such regulations or amendments, of the State health authorities and, in the case of regulations or amendments which relate to or in any way affect grants under subsection (c) for work in the field of mental health, the State mental health authorities.

(k) Funds appropriated under subsection (a) and funds appropriated under subsection (b), in addition to being available for payments to States, shall also be available for expenditure by the Surgeon General in otherwise carrying out the respective subsections, including expenditures for printing and binding of the findings of investigations, and for pay and allowances and traveling expenses of personnel of the Service engaged in activities authorized by the respective subsections.

(l) Except as otherwise provided in this subsection, the provisions of this section shall be applicable to Guam in the same manner in which they apply to the States. Amounts paid to Guam from its allotment under subsections (a), (b), (c), or (e) of this section, together with matching funds of Guam, may, with the approval of the Surgeon General, be expended in carrying out the purposes specified in any such subsection or subsections other than the one under which the allotment was made.

(Sec. 19) Sections 624, 631 (a) and (d), and Section 652 of the Public Health Service Act (42 U. S. C., sec. 291g, 291i (a), 291i (d) and 291t)

ALLOTMENTS TO STATES

SEC. 624. Each State for which a State plan has been approved prior to or during a fiscal year shall be entitled for such year to an allotment of a sum bearing the same ratio to the sums authorized to be appropriated pursuant to section 621 for such year as the product

of (a) the population of such State and (b) the square of its allotment percentage (as defined in section 631 (a)) bears to the sum of the corresponding products for all of the States: *Provided,* That no such allotment to any State shall be less than $200,000 but for the purpose of this proviso the term "State" shall not include the Virgin Islands *or Guam.* The amount of the allotment to a State shall be available, in accordance with the provisions of this part, for payment of the Federal share of the cost of approved projects within such State. The Surgeon General shall calculate the allotment to be made under this section and notify the Secretary of the Treasury of the amounts thereof. Sums allotted to a State for a fiscal year for construction and remaining unobligated at the end of such year shall remain available to such State for such purpose for the next fiscal year (and for such a year only), in addition to the sums allotted for such State for such next fiscal year. Any amount of the sum authorized to be appropriated for a fiscal year which is not appropriated for such year, or which is not allotted in such year by reason of the failure of any State or States to have plans approved under this part, and any amount allotted to a State but remaining unobligated at the end of the period for which it is available to such State, is hereby authorized to be appropriated for the next fiscal year in addition to the sum otherwise authorized under section 621.

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DEFINITIONS

SEC. 631. For the purpose of this title—

(a) the allotment percentage for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capital income of the continental United States (excluding Alaska), except that (1) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum, and (2) the allotment percentage for Alaska and Hawaii shall be 50 per centum each, and the allotment percentage for Puerto Rico, *Guam,* and the Virgin Islands shall be 75 per centum;

(b) the allotment percentages shall be promulgated by the Surgeon General between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided,* That the Surgeon General shall promulgate such percentages as soon as possible after the enactment of this title, which promulgations shall be conclusive for the fiscal year ending June 30, 1947;

(c) the population of the several States shall be determined on the basis of the latest figures certified by the Department of Commerce;

(d) the term "State" includes Alaska, Hawaii, Puerto Rico, *Guam,* the Virgin Islands and the District of Columbia;

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ALLOTMENTS TO STATES

SEC. 652. Each State shall be entitled for each fiscal year to an allotment of a sum bearing the same ratio to the sums appropriated for such year pursuant to paragraphs (1), (2), (3), and (4), respectively, of section 651, as the product of (a) the population of such State and (b) the square of its allotment percentage (as defined in section 631 (a)) bears to the sum of the corresponding products for all of the States: *Provided*, That no such allotment to any State for the purposes of paragraph (1) or (2) of section 651 shall be less than $100,000 and no such allotment to any State for the purpose of paragraph (3) or (4) shall be less than $50,000, but for the purpose of this provide the term "State" shall not include the Virgin Islands *or Guam*. Sums allotted to a State for a fiscal year and remaining unobligated at the end of such year shall remain available to such State for the same purpose for the next fiscal year (and for such year only) in addition to the sums allotted to such State for such next fiscal year.

(Sec. 20) Section 73 of the Act of January 12, 1895 (28 Stat. 601, 612), as amended (44 U. S. C., sec. 183)

SEC. 73. The Public Printer shall furnish the Congressional Record as follows and shall furnish gratuitously no others in addition thereto:

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To the offices of the Governors of Alaska, Hawaii, Puerto Rico, *Guam*, and the Virgin Islands, each, five copies in both daily and bound form.

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(Sec. 21) Section 26 (a) of the Organic Act of Guam (64 Stat. 384, 391; 48 U. S. C., sec. 1421d (a))

SEC. 26. (a) The Governor shall receive an annual salary at the rate provided for [Governors of Territories and possessions] *the Governor of the Virgin Islands* in the Executive Pay Act of 1949, [but not to exceed $13,125,] *as heretofore or hereafter amended*, to be paid by the United States: *Provided*, That if the Governor shall be a retired officer of the armed forces of the United States the pay which he shall receive as Governor shall be his pay and allowances as such officer plus such sum as will total the equivalent of the compensation for a civilian Governor.

* * * * * * *

(Sec. 22) Act of August 9, 1939 (53 Stat. 1291), as amended (49 U. S. C., sec. 781–788)

That (a) it shall be unlawful (1) to transport, carry, or convey any contraband article in, upon, or by means of any vessel, vehicle, or aircraft; (2) to conceal or possess any contraband article in or upon any vessel, vehicle, or aircraft, or upon the person of anyone in or upon any vessel, vehicle, or aircraft; or (3) to use any vessel, vehicle, or aircraft to facilitate the transportation, carriage, conveyance, concealment, receipt, possession, purchase, sale, barter, exchange, or giving away of any contraband article.

(b) As used in this section, the term "contraband article" means—

(1) Any narcotic drug which has been or is possessed with intent to sell or offer for sale in violation of any laws or regulations of the United States dealing therewith, or which is sold or offered for sale in violation thereof, or which does not bear appropriate tax-paid internal-revenue stamps as required by law or regulations;

(2) Any firearm, with respect to which there has been committed any violation of any provision of the National Firearms Act, as now or hereafter amended, or any regulation issued pursuant thereto; or

(3) Any falsely made, forged, altered, or counterfeit coin or obligation or other security of the United States or of any foreign government; or any material or apparatus, or paraphernalia fitted or intended to be used, or which shall have been used, in the making of any such falsely made, forged, altered, or conterfeit coin or obligation or other security.

SEC. 2. Any vessel, vehicle, or aircraft which has been or is being used in violation of any provision of section 1, or in, upon, or by means of which any violation of section 1 has taken or is taking place, shall be seized and forfeited: *Provided,* That no vessel, vehicle, or aircraft used by any person as a common carrier in the transaction of business as such common carrier shall be forfeited under the provisions of this Act unless it shall appear that (1) in the case of a railway car or engine, the owner, or (2) in the case of any other such vessel, vehicle, or aircraft, the owner or the master of such vessel or the owner or conductor, driver, pilot, or other person in charge of such vehicle or aircraft was at the time of the alleged illegal act a consenting party or privy thereto: *Provided further,* That no vessel, vehicle, or aircraft shall be forfeited under the provisions of this Act by reason of any act or omission established by the owner thereof to have been committed or omitted by any person other than such owner while such vessel, vehicle, or aircraft was unlawfully in the possession of a person who acquired possession thereof in violation of the criminal laws of the United States, or of any State.

SEC. 3. The Secretary of the Treasury is empowered to authorize, or designate, officers, agents, or other persons to carry out the provisions of this Act. It shall be the duty of any officer, agent, or other person so authorized or designated, or authorized by law, whenever he shall discover any vessel, vehicle, or aircraft which has been or is being used in violation of any of the provisions of this Act, or in, upon, or by means of which any violation of this Act has taken or is taking place, to seize such vessel, vehicle, or aircraft and to place it in the custody of such person as may be authorized or designated for that purpose by the Secretary of the Treasury, to await disposition pursuant to the provisions of this Act and any regulations issued hereunder.

SEC. 4. All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of vessels and vehicles for violation of the customs laws; the disposition of such vessels and vehicles or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims and the award of compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, insofar as applicable and not inconsistent with the provisions hereof: *Provided,* That such

duties as are imposed upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels and vehicles under the customs laws shall be performed with respect to seizures and forfeitures of vessels, vehicles, and aircraft under this Act by such officers, agents, or other persons as may be authorized or designated for that purpose by the Secretary of the Treasury.

SEC. 5. Any appropriation which has been or shall hereafter be made for the enforcement of the customs, narcotics, counterfeiting, or internal-revenue laws, and the provisions of the National Firearms Act shall be available for the defraying of expenses of carrying out the provisions of this Act.

SEC. 6. The provisions of this Act shall be construed to be supplemental to, and not to impair in any way, existing provisions of law imposing fines, penalties, or forfeitures; or providing for the seizure, condemnation, or disposition of forfeited property or the proceeds thereof; or authorizing the remission or mitigation of fines, penalties, or forfeitures.

Sec. 7. When used in this Act—

(a) The term "vessel" includes every description of watercraft or other contrivance used, or capable of being used, as means of transportation in water, but does not include aircraft;

(b) The term "vehicle" includes every description of carriage or other contrivance used, or capable of being used, as means of transportation on, below, or above the land, but does not include aircraft;

(c) The term "aircraft" includes every description of craft or carriage or other contrivance used, or capable of being used, as means of transportation through the air;

(d) The term "narcotic drug" means any narcotic drug, as now or hereafter defined by the Narcotic Drugs Import and Export Act, the internal-revenue laws or any amendments thereof, or the regulations issued thereunder; or marihuana as now or hereafter defined by the Marihuana Tax Act of 1937 or the regulations issued thereunder;

(e) The term "firearm" means any firearm, as now or hereafter defined by the National Firearms Act, or any amendments thereof, or the regulations issued thereunder; and

(f) The words "obligation or other security of the United States" are used as now or hereafter defined in section 147 of the Criminal Code, as amended (U. S. C., title 18, sec. 8).

SEC. 8. The Secretary of the Treasury shall prescribe such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 9. (a) In Guam the enforcement and administration of this Act shall be performed by the Governor of Guam, acting through such officers of the Government of Guam as he may designate.

(b) The Governor of Guam is authorized to carry out the provisions of the related laws set forth in section 4 of this Act, with such modifications as he shall deem necessary to meet special conditions on Guam; and the Governor is further authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act on Guam.

(Sec. 23) Article 2 of the Uniform Code of Military Justice (64 Stat. 108, 109; 50 U. S. C., sec. 552)

ART. 2. Persons subject to the code.

The following persons are subject to this code:

* * * * * * *

(11) Subject to the provisions of any treaty or agreement to which the United States is or may be a party or to any accepted rule of international law, all persons serving with, employed by, or accompanying the armed forces without the continental limits of the United States and without the following territories: That part of Alaska east of longitude one hundred and seventy-two degrees west, the Canal Zone, the main group of the Hawaiian Islands, Puerto Rico, *Guam*, and the Virgin Islands;

(12) Subject to the provisions of any treaty or agreement to which the United States is or may be a party or to any accepted rule of international law, all persons within an area leased by or otherwise reserved or acquired for the use of the United States which is under the control of the Secretary of a Department and which is without the continental limits of the United States and without the following Territories: That part of Alaska east of longitude one hundred and seventy-two degrees west, the Canal Zone, the main group of the Hawaiian Islands, Puerto Rico, *Guam*, and the Virgin Islands.

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